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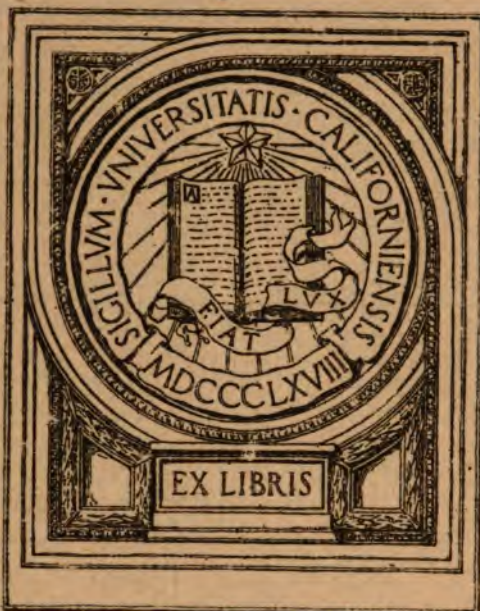


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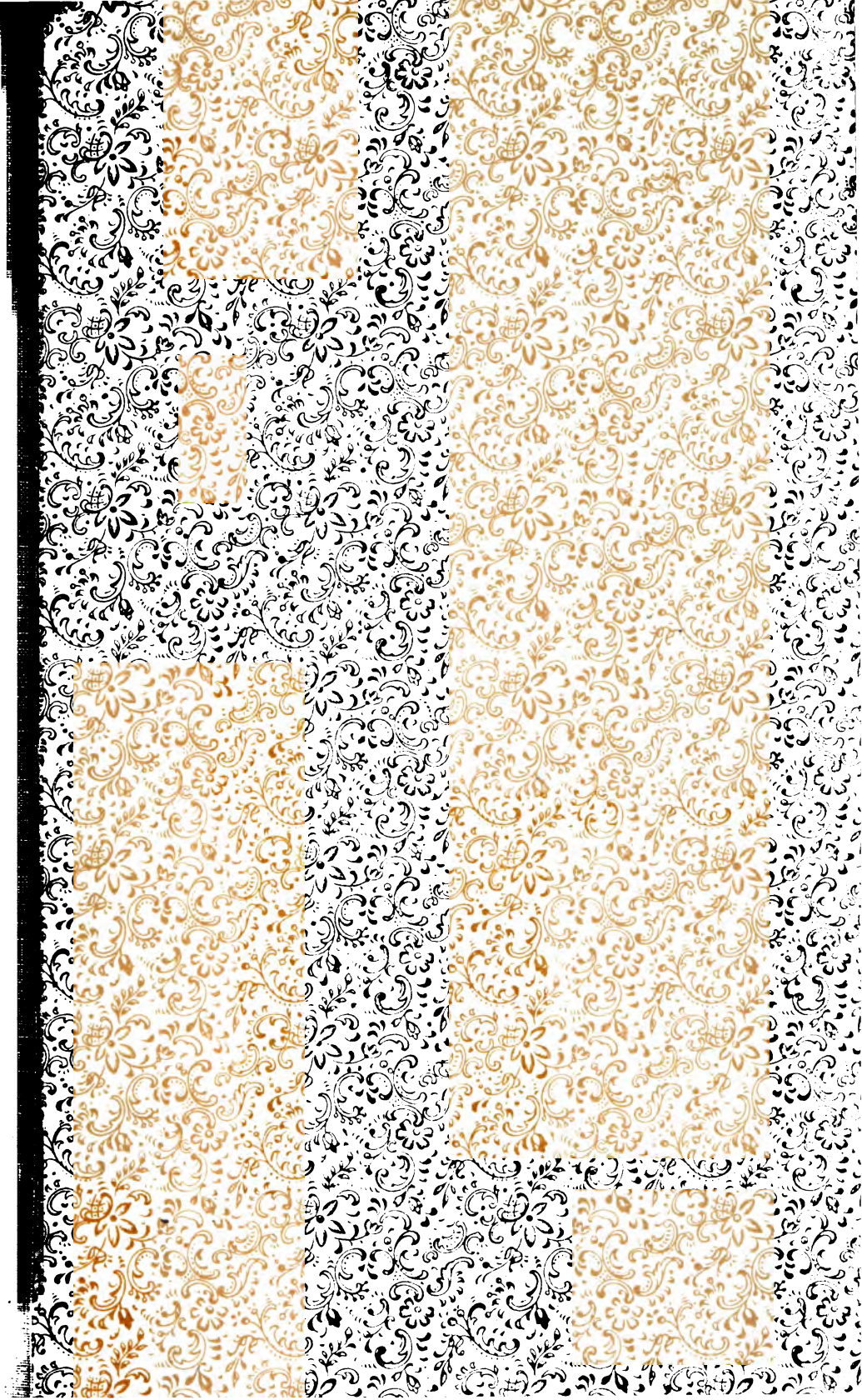
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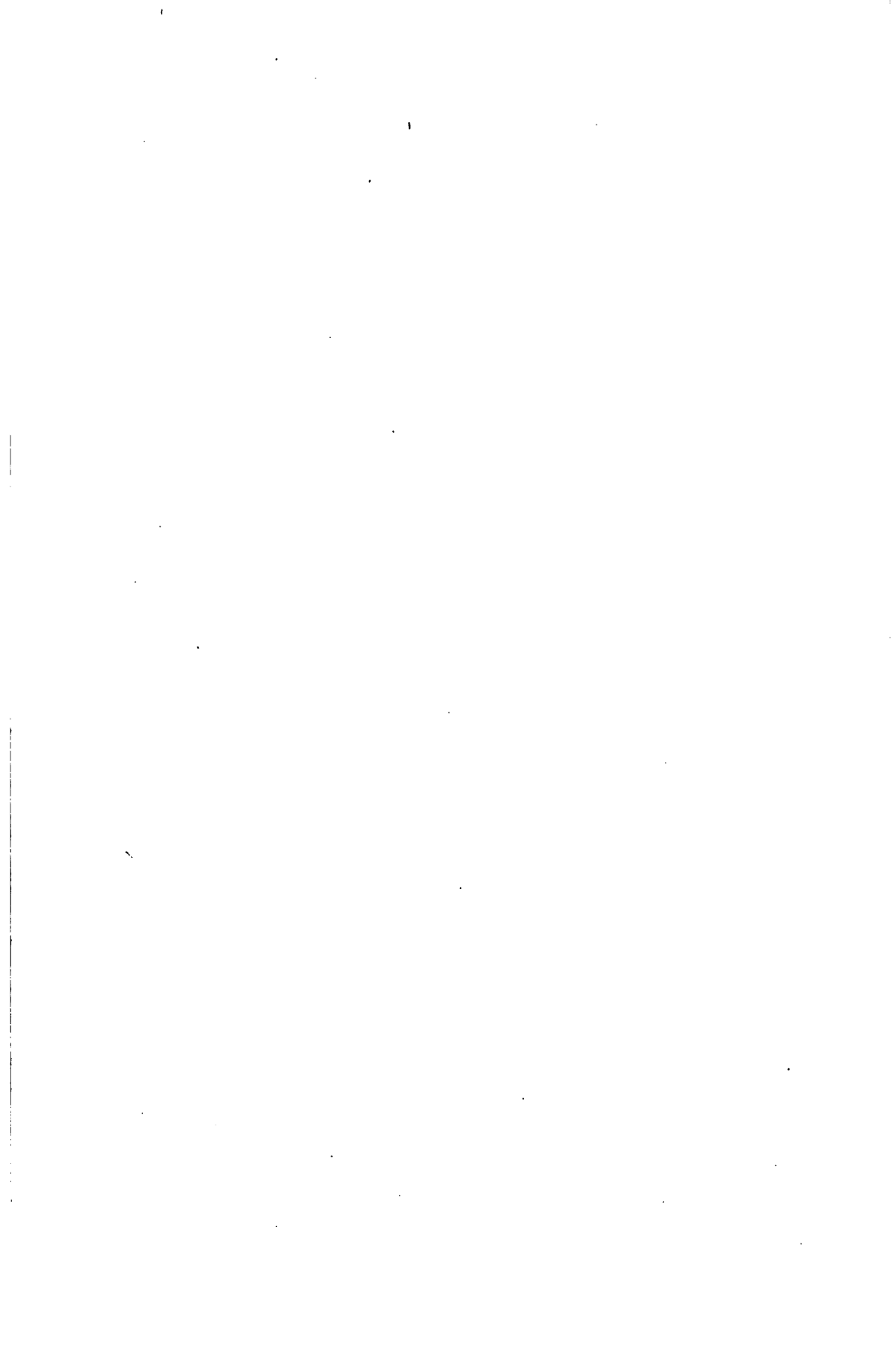
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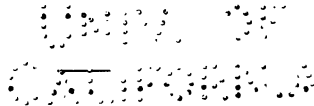


Real Estate Business Self-Taught

A Handbook containing Lessons to be used in
connection with the book entitled "How to
Buy and Sell Real Estate at a Profit."

By
W. A. CARNEY
Author of "How to Buy and Sell Real Estate at a Profit," and
"New Secretary's Manual"

Published in Parts



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SUGGESTIONS TO THE STUDENT.

The object of these lessons is to give the student or reader a practical knowledge of real estate and of the real estate business. The student who will devote a definite portion of each working day to the study of the subject will make the most satisfactory progress. The student should exercise to the fullest extent the qualities of industry and perseverance; he should concentrate his mind on the subject and keep it there; he should study a few pages at a time and not skip from one portion of the lessons to another.

"HOW TO BUY AND SELL REAL ESTATE AT A PROFIT" is referred to herein as the "Text Book" or as "Vol I." In it, the Sections are numbered from 1 to 163, inclusive, and the Forms from 1 upwards. In this book, the Sections are numbered from 200 upward, and the Forms from 100 upward. *Class of 1900*

The "Final Examination Questions" are contained in a booklet comprising questions and blank spaces for answers, and suggestions as to how these answers should be made. Upon being written up, the booklet is to be returned to the author for correction, and, upon being corrected, is sent to the student, who retains it.

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LESSON I.

LARGELY INTRODUCTORY.

Section 200. An ancient king who was at the pinnacle of his power and greatness, and who thought he might have ready access to anything he should desire, inquired of a venerable sage in his kingdom how to master the problems of Euclid. "There is no royal road to Euclid," the sage replied. And so it must be said to every one entering the real estate business: There is no royal road to this business; the study of Euclid and of the real estate business must be hard and tense. There can be no avoiding or going around each successive proposition which forms the basis of future progress and no shirking or omitting of detail; every step requires close attention and reflection.

Sec. 201. The impression prevails in some quarters that the real estate business is scarcely respectable. Such is not the case, however. The real estate business is as honorable and dignified a vocation as any in which men are engaged, and the intention of every person entering the profession of real estate broker should be to maintain, in all his transactions, a strict adherence to sound principles of morality and justice. In this way he will reflect credit on the profession and be justly entitled to the respect and confidence of his fellow-men.

Sec. 202. The young real estate broker should pay attention to the formation of character. The ability to restrain one's appetite, passions, tongue and temper is of the first importance. One must be the master, not the slave, of himself; if he cannot govern himself, he cannot govern others. Indeed, a good character is vastly more important than a great fortune. A United States Senator who died recently, wrote the following in his will: "I hope that my sons will, early in life, realize,

above all else, that the only thing more difficult to build up than an independent fortune, is character, and that the only safeguards of character are the Ten Commandments and the Sermon on the Mount."

Sec. 203. Among the components of a good character are honesty, politeness, confidence, energy, economy and perseverance. These will be considered severally.

Sec. 204. Honesty is not only the best policy, but it is in strict accordance with a right conscience. The real estate man who practices deceit and trickery may be successful for the time being, but he is pretty certain to lose eventually. The confidence which his clients repose in him is a part of his stock in trade, and if he violates that confidence his clients will desert him; moreover, they will take particular occasion to make known to others his true character. A real estate broker, by reason of his knowledge of the business, may be able to deceive his clients in respect to property, but clients are apt to be suspicious and watchful, and their knowledge of human nature may be more keen than that of the broker; hence, it behooves the broker, from every point of view, to be honest.

Sec. 205. Politeness costs nothing and accomplishes much. The real estate broker should cultivate a charm of manner and all those personal qualities that will attract people to him.

Sec. 206. Confidence, or self-reliance, is very essential to success in the real estate business. To believe and go forward is the key to success and happiness. Doubt and distrust are negative and corrosive forces. The man who engages in the real estate business should resolve at the beginning to rely on his own judgment. Even if he be rich, and has heretofore depended on some relative or other person, let him cut loose and paddle his own canoe adown the stream of events.

Sec. 207. Energy is another name for enthusiasm. Enthusiasm means an optimistic whole-heartedness in an undertaking. A man can do best that which he likes best. He

never can succeed in this age of competition unless he finds real pleasure in his work. The making of money is not a sufficient incentive; a man must find the highest enjoyment in the accomplishment of the task itself. An energetic man seizes events and makes them subservient to his will; whereas, a man lacking in energy is controlled by events which carry him in opposition to his will. A live, active, confident man is a magnet that draws people and their money around him, and if he rises to the occasion, as he should, many things will lie in his power that otherwise would have gone to some other magnetic individual.

Sec. 208. The man who learns to save and who is thrifty will fortify his self-reliance. The thrifty man is not troubled about to-morrow, for he is prepared for to-morrow. Mr. Shailer Mathews defines economy as that way of living that systematically transfers a portion of one's income to one's capital, and he states that if any man who earns would, at the expense of some self-denial, capitalize ten per cent. of his income, his future would be more under his own control and his life would be more full of reliance and self-respect. It is not what a man earns, but what he capitalizes, that really gives him permanent economic independence. The rule should be to save before spending, rather than to save what is not spent. To put this rule into effect, it is sometimes necessary for a man to go in debt for the purchase of a lot, or a home, or building and loan stock, as then he must save to meet the payments. A real estate broker should make it a point to accumulate capital, as he will have many opportunities of investing it advantageously in real estate. No one knows whether a man who always pays cash is honest or not, and no one cares to know. A man should be in debt to a reasonable extent for two reasons: First, to establish his credit against the time he may need credit, and second, to lay the foundation for a reputation for honesty and promptness in payment of bills. Debt is generally recognized

as one of the best incentives to prudent foresight on the part of any person, as, where there are certain payments to be made at the end of the month, household and personal expenditures are regulated to that end, with the result that a transfer is made at stated intervals from income to capital.

Sec. 209. A person should enter the real estate business with the expectation of continuing in it. A man's efforts in any particular line, if properly directed, become cumulative after a time, and if he then quits, he quits when he is about to receive the reward of his labors. Courage to carry on the work, in spite of obstacles and disappointments, is essential to success. After triumphantly treading the stony road of experience, let us hope that the student who peruses these pages will finally stand at the summit, the typical American real estate broker, the most perfect, progressive and well-equipped of his kind.

LESSON II.**OF REAL ESTATE IN GENERAL.**

Sec. 210. Let reader or student now study pages 5 to 10 of the Text Book, viz.: "How to Buy and Sell Real Estate at a Profit," which, in these Lessons, is referred to as "Vol. II" or as "Text Book." This lesson contains all the definitions and particulars relating to real estate in general that the real estate broker will be likely to meet with in the ordinary course of business.

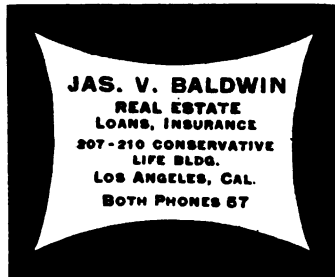
LESSON III.

OF LOCATION AND EQUIPMENT OF OFFICE.

Sec. 211. A real estate broker should, if possible, locate on the ground floor, where people can walk in without effort, and where he can place his signs in the window or on the outside to attract attention. If he is in a large city, where there are buildings having elevators, he should locate in such building, as people, at the present time, will not walk to the second story if they can ride. One can begin, of course, with only a small desk and occupy space in an office at a cost of not exceeding \$5.00 or \$10.00 per month, and, in the real estate business, many men who now have finely furnished offices, began in this way. The size of the desk is no limit to the amount of business that can be transacted over it. Ordinarily, the broker cannot afford to incur heavy expense for office rentals until well established. In large cities, ground floor offices are generally so expensive in the way of rent that a large room, if devoted to the real estate business, is divided by the means of railings into spaces, and a number of persons occupy the same room. This is not always desirable, as among the tenants may be some unscrupulous fellow who will "butt in" when one is talking to a customer. The expense of telephone rentals is considerable, and this causes office men to herd together where they can use one 'phone, with extensions to several desks. On the whole, a real estate broker or firm will find that an office, or two or more connecting offices, in an up-to-date building, where light, heat and janitor service are included in the rentals, to be best adapted to the business, as, if the broker has the right kind of property at the right prices people will find him even though he be on the top floor.

Sec. 212. The furniture and furnishings should be in keeping with the character of the office and be pleasant and harmonious in effect. If a broker has not sufficient business to warrant him in employing a stenographer, he should procure, and learn to run, a typewriter, as, with a typewriter he can do more rapid and legible work than with a pen, and a typewritten letter is more modern and has a better effect.

Sec. 213. At the outset the broker should adopt some distinctive mark or sign in connection with his name, such as



and this should appear on all his cards, letter heads and signboards, so that any one upon seeing the name and sign at a distance will instinctively say: "That's Baldwin's."

Sec. 214. Stationery should be of good quality and artistically printed. It is the broker's representative among persons who do not know him, and will make a good or bad impression as it is excellent or cheap.

Sec. 215. For listing property some brokers use simply an ordinary blank book. At the present time the vast majority of brokers use cards. These cards are of two kinds; one has both the description of the property and the contract of the owner as to commission and length of time the property is to be listed on one side of the card; the other form of card has the description on one side and agreement as to commissions, etc., on the reverse. The latter form has some advantages over the former,

but costs more to print. The cards are arranged in a tray, alphabetically, either by names of owners or names of streets, etc., or by valuations. By the use of cards, listing is reduced to a system, but care must be taken to replace the cards where they belong or confusion results. One publisher furnishes for one dollar a loose-leaf listing outfit which is very convenient and practical. (See also Lesson V, Listing and Advertising.)

Sec. 216. As soon as a business has assumed any magnitude, it is well to arrange the cards according to whether the property is in the city or in the country, and the following is suggested as a suitable classification:

CITY. Business, semi-business, lots, houses and lots.

COUNTRY. Suburban, beach or sea shore, ranch and farm, groves and orchards, mining.

BUSINESS CHANCES. Bakeries, cigar stands, laundries, lodging houses, restaurants, etc.

Houses for rent, rooms for rent, furnished and unfurnished.

Houses and lots can be arranged by prices, and separated by guide cards indicating the price.

Sec. 217. As to buying an interest in a firm already established, it may be said that the buyer should first investigate the matter very thoroughly. Any list of property which a firm may have is not of very great value unless verified anew. A partnership is often times an uncertain ship in which to sail. Each partner can contract debts in the name of the firm and each is liable for the entire debts of the firm. Tricky real estate firms have been known to sell one-half interests to three or more persons. In large cities some crooked individual engaged in the real estate business will advertise for a man to learn a paying business, and offer to take him in as a partner and teach him the business for \$250 or \$300. Two or three confederates are necessary to work the scheme successfully, and when the buyer appears in answer to the advertisement

the advertiser seems to be very busy. He calls up his confederates on the 'phone, and they, in turn, call him up and big deals in real estate are discussed, and the large commissions which will accrue are brought out prominently. If the inquirer asks for references, he is referred to one or both of the confederates, who give the advertiser an excellent character. The advertiser declares that he is driven to death with business and cannot find time to sleep. Business looks good to the innocent victim and he invests. Shortly afterward the advertiser is called away and the victim is left alone and remains alone so much that he gets lonesome. The 'phone rings no more, and he finds that he has paid a high price for an ordinary roll-top desk and office rug.

Sec. 218. A real estate firm, doing practically no business, in one of the large coast cities, decided to sell out in this way: One partner would offer his half interest for sale, no price mentioned, with the understanding that the other partner would remain and teach the new partner the business, and as soon as the new partner was fairly started would sell out also and thus they would both be out. The half interest had been advertised for some time without success, when one day in walked a large and well-dressed colored man, who inquired about the interest in the business. They had intended to ask \$300 for one-half interest, but in view of the circumstances, gave the price as \$1,000. The visitor made some inquiries in regard to the business and stated that he would think the matter over and return on the following Monday, it being then Saturday. After the colored man had gone out, the partners looked at each other in a dazed sort of way, and one of them exclaimed: "If he returns, what are we going to do with him?" "I'll tell you," said the other, "let's open a branch office in A., as the real estate business is brisk there, and put him in charge." Monday came and so did the colored man with his fifty twenty-dollar gold pieces. He was given an interest in the business

and the plan of opening a branch office at A. and putting him in charge, was broached to him. He was entirely agreeable to the project; one of the partners went with him to A., where the branch office was fitted up, the colored man bearing the expense, of course, and he was duly installed, and the partner returned to his native heath. After a time the colored man returned, said that he had closed the office in A., and sold the furniture, and wanted to know how much of the proceeds the firm desired. He said he had done no business. He was told that the firm did not desire anything. He expressed himself as well satisfied with his experience and stated that he was going back to South Africa, from whence he had come and where he had made money in the diamond fields, to show those negroes down there how to do high finance in real estate. It is not to be inferred from what has been said that every interest in a real estate firm is of doubtful value; some such interests are very valuable and desirable. As heretofore stated, the proposed purchaser of a partnership interest should investigate thoroughly.

Sec. 219. A broker should have a large map, having the outline of the world on one side and of the United States on the other, hanging on the wall; also a large wall map of his own State and of his county, and, if in a large city, of the city also. Maps are interesting and attractive, and many people who have not examined a map since leaving school take pleasure in looking them over; besides, they lend an air of importance to the broker's surroundings.

Sec. 220. In some of the large cities map books are obtainable, showing the names of every tract and the numbers and exact dimensions of every lot. These are expensive but valuable aids in carrying on the real estate business. In Los Angeles the publisher of a book of this kind also furnishes a book containing the names of the owners of each lot, and entries are made in this name-book every day by the clerk of the pub-

lisher, giving changes of ownership as shown by the deeds recorded the previous day in the County Recorder's office. Maps or blue-prints of new subdivisions can usually be obtained from the principal agents for such subdivisions.

Sec. 221. If there is a Board of Trade or Chamber of Commerce in his town, the broker should become a member. He should also join one of the political or business men's clubs, as, in meeting men of affairs at such clubs, he will acquire advance information along real estate lines that will be of value to him.

Sec. 222. If there is a realty association or board in his city or county, it would be well for the broker to join. The constitution of the Los Angeles Realty Board provides that the objects of that corporation shall be to secure the benefit of united effort and concentrated power among its members to the end that the annoyance and evils which had, in the past, been encountered in dealing in real estate, might be abated; to promote good-fellowship and fair dealing; to protect the members of the board and the public in general from reckless and dishonest dealers; to promote the enactment of legislation for the protection of property rights and dealings pertaining thereto and to do all else in the power of the board which may tend to the upbuilding, stability and dignity of dealing in real estate. Applications for membership in the Los Angeles Board must be signed by the applicants, be approved by two dealers who are members of the board and be accompanied by the membership fee. The By-Laws provide, among other things, for an Arbitration Committee, composed of five members, to take cognizance of and have jurisdiction over all claims and matters of difference between members of the board in their capacities as real estate brokers, agents, owners or partners, under certain prescribed rules; also for an Appraisal Committee.

Sec. 223. If the broker is also engaged in the building business, a membership in a builder's exchange will be advantageous. Suggestions for organizing such an exchange are

given in Form No. 153. Where a new town is started in the country, the question of incorporating same will arise as soon as there are a sufficient number of inhabitants for the purpose. A petition for incorporating a town is given in Form No. 154. In a small community there are always two or more contending factions—one faction being in favor of progress and the other being content to let things remain as they are. Even the change of the postoffice for half a block in either direction (Form No. 155) will divide the community into two parties and arouse considerable feeling.

Sec. 224. The broker should make it a point to study men as they appear in action on boards of directors, in lodges, public meetings and in other places where man is brought into keen, yet withal good-natured, competition with his fellows—where will is pitted against will. He should learn to listen intently, and think steadily, clearly and comprehensively amid distracting surroundings. Then when he sees a number of others in a dilemma, he should quickly offer a sensible and practicable solution of the problem, and, if his solution is feasible, he will have scored a strong point in favor of the soundness and alertness of his judgment and of leadership.

Sec. 225. The broker should not omit to cultivate the acquaintance of bankers and capitalists, as he will need their co-operation and good will in the making of loans and perhaps in the purchase of properties which will yield a profit to the investor. Real estate brokers often lose sight of the fact that there are two "ends," as the saying is, to the real estate business, namely, the buying "end" and the selling "end," and that one is equally as important as the other. A broker might have all the property in a county listed, but he would not be able to sell until he had buyers.

Sec. 226. There are many ways in which a real estate broker may be active and useful in a community, and at the same time advance his own interests; as, for instance, by con-

verting picturesque spots into remunerative pleasure grounds; by erecting and operating hotels and apartment houses; in exploiting mines and mineral lands, either by organizing corporations to take over promising prospects and operate them (the broker arranging to act as secretary and provide the office) or by selling such prospects to practical mining men; and by creating sentiment in favor of good roads. Good roads stimulate travel, popularize the sections traversed, increase land values, attract new residents, build up trade and improve conditions generally.

LESSON IV.

OF SECURING APPOINTMENT AND ACTING AS NOTARY PUBLIC.

(See also Text Book, or Part Two, Page 51, Sec. 88.)

Sec. 227. In many cases a real estate broker will find it advantageous to secure an appointment as notary public, as the revenue from that source is considerable, and affords him an opportunity to meet people with whom he otherwise would not become acquainted.

Sec. 228. A notary public is an officer appointed to perform certain duties, prescribed by law, within, but not outside of, the limits of a certain County of a certain State or Territory. In some of the States the applicant for notarial honors has to pass an examination to determine his fitness for the office. In California, the appointment is made by the Governor; in Texas, by the Governor, with the consent and advice of the Senate while in regular session. (See Form No. 100.)

Sec. 229. Upon receiving his appointment the applicant is required to execute an official bond, in a sum varying from \$1,000 to \$5,000, and such bond must be executed by the notary and two good and sufficient sureties. In most of the States a bonding company (such as the American Bonding Company of Baltimore) will be accepted in lieu of individual sureties. A notary often feels a delicacy about asking influential friends to go on his official bond, and where the bonding company's bond will be accepted it should be given preference. A nominal fee is charged for issuing this bond. The notarial bond, in California, must be approved by a judge of the Superior Court of the County in which the notary is to act, and, upon such approval, the notary must take the official oath, and the oath and the bond are then recorded in the office of the County Recorder.

Sec. 230. In order to do business, the notary will require a notarial record, a notarial seal and proper blank forms of certificates of acknowledgment. A notary should perform all his official acts with scrupulous care and fidelity.

Sec. 231. If the appointee fails to qualify within the prescribed time, the appointment becomes vacated, and the applicant must begin anew.

Sec. 232. The term of office varies in the several States and runs from two to four years from the date of the appointment. In some of the States a notary is required to have substantially these words after his signature: "My commission expires"

Sec. 233. The duties of a notary are, in general, these: To take acknowledgments, and to certify all acknowledgments and proofs of instruments in writing, such as deeds, mortgages, satisfaction of mortgage, deeds of trusts, homesteads, powers of attorney, etc. Also to take and certify depositions and affidavits and administer oaths, and to make declarations of protest in respect to promissory notes and bills of exchange.

Sec. 234. The maximum fees which a notary may collect for his official services are fixed by law, and, at the time of obtaining his seal, etc., the notary should procure a fee card, which he should keep posted up in his office for the information of customers. The notary can waive the regular fees or perform them at reduced rates; in fact, it is customary where a notary has a large number of acknowledgments to take for one party to charge but one-half the regular fees. If any one questions the amount of the fee he should be referred to the fee card. The majority of persons are informed as to the fee a notary is entitled to charge, but have considerable reluctance about paying it. Where the notary is asked to go away from his office to perform official acts, or to go after office hours, he should, if the distance be great or he be put to considerable inconvenience, make a moderate charge in addition to his regular fees. Per-

sons accustomed to business have no objection to paying such reasonable additional fees. The payment of notary fees touches a tender spot in some persons, particularly wealthy persons who could well afford to be the least sensitive on the subject, and the real estate broker will do well to exercise discretion as to fees if he has an inkling that fees are distasteful to a customer who might be a seller or a buyer in the future.

Sec. 235. In taking an acknowledgment, the instrument should be signed in the presence of the notary, and the notary should then ask the party signing: "Do you acknowledge this to be your signature?" and he replies: "I do." If there is a printed form of notarial acknowledgment on the instrument, that should be used; if not, the notary should attach with paste his own printed form. The seal should then be impressed, and, if the attached form is used, through that and through the instrument. Two acts are necessary: The acknowledgment by the party signing, and the certification of the notary. The notary then makes an entry of the transaction in his notarial record. (See Text Book, pages 72 to 74.)

Sec. 236. When an instrument in writing, such as a deed, is presented to a notary for his acknowledgment and certification, he is not called upon to pass judgment upon the sufficiency of the instrument. If, for instance, he discovers that a deed is made by a married man, and that his wife has not joined in the deed, and that she is competent to do so, he may call the attention of the grantee, if he is present, to the fact. The notary has no jurisdiction in such cases, but he should deem it his duty to point out to the parties any defects apparent on the face of the instrument.

Sec. 237. When a party appears before a notary to make an acknowledgment, and he is unknown to the notary, the notary should require of him to prove himself to be the person he claims to be, on the oath of a creditable witness, examined and sworn by the notary for that purpose. (See Form No. 24, page

73, Text Book.) In this matter also, the notary should use discretion, keeping in mind the fact that all of his official acts should be so performed that he and his bondsmen will incur no liability. In some of the States the wife must be examined privily and apart from her husband, and the contents of the instrument must be fully explained to her, and the notary's certificate must recite these facts. In certain cases a notary is disqualified from acting.

Sec. 238. Frauds have been committed by persons who, upon short acquaintance with a notary, have introduced to him a confederate, representing such confederate as Mr. or Mrs. So-and-So, a property owner of record. They then ask the notary to take the acknowledgment of the imposter to a forged signature on a deed or mortgage conveying property to an innocent third party, and the notary, by taking and certifying the acknowledgment, unwittingly abets the deception. Having secured the money, the confederates disappear, leaving the notary and his bondsmen to be brought to bar for the alleged negligence of the notary.

Sec. 239. The laws of each State prescribe certain forms of deeds and of acknowledgment for the transfer of property in that State, and such forms must be followed even though the instrument be executed in another State. In order that the notary should be informed as to such forms, and as to his duties in every other respect, he should have in his office a copy of "John's American Notary Manual." (See advertising pages of this book.)

LESSON V.

LISTING AND ADVERTISING.

Section 240. As soon as a real estate broker has opened his office he should let the public know that he is ready for business. Prior thereto he should have listed considerable property so as to be prepared for immediate inquiries. He can inform the public of his new calling by means of advertisements in the local newspapers, by distribution of business cards, by sending out circulars and by word of mouth, and by sign-boards on the properties which he has listed.

Sec. 241. Some brokers go about listing in a systematic manner. Let us suppose that there is a tract of land near a depot or railroad yard, or lying along or close to a railroad, which tract was built upon years ago and is now occupied by houses that are inhabited by railroad employees. This district, because of its proximity to the railroad, is not a desirable residence section. Let us suppose further that a new and larger depot is to be built and that there will be a demand for land around this depot for warehouse sites. Now, the man who goes systematically about listing will take a map of the tract in which this district lies, make a list of all the lots of the tract on legal-cap or fools-cap, placing the numbers of the lots at the left hand of the paper and leaving one blank line opposite to each number. Then, if he doesn't have a tract and address book, he goes to the County or City Assessor's office and obtains permission to look over the Assessor's book for that tract, in which book he will find the name and address of the owner of each lot at the date of the last assessment. Having secured these, he interviews all such owners who are in town and obtains their price, making a separate listing card for each, and, whenever he can do so, gets such owner to give him the exclusive agency

for say sixty days or more. Some owners will sign the listing cards; others will not. He can sometimes list a real bargain by writing for price to an out-of-town owner who does not keep posted as to movements in city property. If he finds a particularly desirable corner, he may pay from \$10 to \$100 for an exclusive agency option (See Form No. 112) for say ninety days or six months. Having gone over the field thoroughly, he is in a position to say to intending purchasers just where is the cheapest piece of property in the district. There is considerable work attached to this method of listing, but the results are more certain than to go about it haphazardly. All the data so obtained should be classified and arranged for ready reference, so that it will be immediately available when wanted, as it will be in the future.

Sec. 242. The listing card shown in Form No. 118 has both space for description and agreement as to commission on one side of the card. Forms Nos. 117 and 120 show a card with space for description on one side and agreement for commission on the obverse, with space for confirming the listings. Where values are changing it is necessary to confirm and correct the listings every month or two. If the agent wishes to engage generally in sales and exchanges beyond the limits of his immediate vicinity, the forms given in Nos. 104 and 107 are well adapted to listing properties for this purpose.

Sec. 243. A broker to be successful should list property in the section in which property is selling and, whenever possible, obtain an exclusive agency contract. In large cities the areas in which real estate is being actively transferred are constantly changing, and it is part of the duty of the agent to get advance information of these movements in real estate and then list as much property as possible in that immediate section.

Sec. 244. An agent should write to all parties who advertise their own property, and tell them that he has exceptional facilities for handling that class of property, and that he is con-

stantly having inquiries therefor; also that having recently engaged in the real estate business, he is putting more vigor and energy into the business than some of the agents who have been longer in the business and have fallen into the ruts of the trade.

Sec. 245. Good returns are generally obtained by the use of the "postal card with paid reply," which provides for the recipient detaching the annexed card in reply. A short note, something like the following, will generally bring the desired information: "In replying, please use attached card, and state your lowest cash price for your premises at No. street, as I am confident that I can dispose of this property immediately if the price is right. Also, please be kind enough to list any other property you may have."

Sec. 246. There is more real estate advertised as a rule in the Sunday newspapers in large cities than on any other day of the week, and the agent should answer these advertisements promptly every Monday morning. If the advertiser gives a box in some newspaper office, the reply should be sent there very early in the day.

Sec. 247. In approaching a real estate owner with a view to listing his property, the broker should present his business card and set forth the nature of his errand in a businesslike way. If the owner is a business man, he can be dealt with readily. If not accustomed to business, it will sometimes be necessary for the agent to first gain the owner's confidence.

Sec. 248. At the time of listing property, it is important that the agent have a clear and distinct understanding with the owner in regard to commission. The commission is the object for which the agent is working. Most owners understand what "regular commission" means. The list of commissions given at the close of this lesson is that in effect by the Los Angeles Realty Board, and is a safe and reasonable one to follow, unless the customary commission where the agent is located is higher, in

which case he should follow the custom. If there is no established commission in the locality where the agent is acting, it would be well for him to have a list of his commissions printed on the back of his business cards. Where two agents work together to close a deal, one furnishing the property and the other the customer, it is usual to divide the commission equally between them, and sometimes it is expedient to allow a part of the commission to a person, not in the real estate business, who assists in effecting a sale. It is necessary, in some cases, in order to effect a sale, to allow the purchaser a rebate of say one-half of the commission.

Sec. 249. The following relates to the size of the type, measurement of advertising space, and classification of the advertisements:

(a) All type is made on the point system. This is an arbitrary system of measurement, and there are 72 points to an inch; therefore a six-point type means that there are twelve lines of the type of that size in an inch. In addition to this system of measurement, the smaller sizes of type, such as are commonly used for reading matter, are named: Agate measures fourteen lines to the inch; Brevier is eight-point; Long Primer is ten-point; Pica is twelve-point, or one-sixth of an inch.

(b) All newspapers and periodical space is based on a price of so much per inch, but where the circulation is large the rate generally quoted is the price per line, or per word. Unless otherwise specified, price is based on one agate line space, i. e., one-fourteenth of an inch, without any regard to the size of the type which is used in the space. For example, in an advertisement occupying ten lines of space, four or five lines might be occupied with a heavy display type.

(c) The measure of space above referred to means one line across the column. The ordinary width of column among newspapers is thirteen ems, which is two and one-sixth inches. In the principal magazines, the column measures two and three-fourths inches.

(d) The newspaper column varies in length, but among the larger dailies is in the vicinity of twenty-one inches.

(e) The most common size of the magazine page is eight by five and one-half inches. This makes the ordinary magazine quarter-page measure four by two and three-fourths inches.

(f) Display advertisements are placed among the ordinary advertisements in the publication.

(g) It is customary to use some of the type in large sizes to attract attention, with or without illustrations. It is not necessary, however, to use display type, even where one is buying display space. But an advertisement set in the shape of reading matter and grouped among display advertisements would be out of place, and in most cases not particularly effective.

(h) Classified advertisements are those which are set without display type and are grouped under proper headings in some special section of the publication. They are carried by all daily publications, most of the large weeklies and trade papers, and some of the magazines. The rate is generally less than for display space in the same publication.

(i) "Readers" are set in different types at varying prices, but are always without display of any sort except that a heading is generally allowed in a black-faced type of small size. The price varies according to the position in the paper, being highest on the editorial page, if allowed there at all; they also cost more if set in the reading-matter of the paper. In a general way, the rate is two or three times as much per line as for display space in the same publication. Reader advertising is effective where one has a high-class subdivision. A reader to the effect that Mr. So-and-So, a social leader, has purchased a lot in the subdivision and will erect a handsome residence, will induce others in his set to do likewise.

Sec. 250. An advertisement in a newspaper under "Real Estate Wanted," something like the following, will induce property owners to bring in their property to be listed:

"List your real estate of all kinds with me; I am in touch with capital and with parties desiring to exchange, and can make quick and satisfactory sales and exchanges;" or "I am having inquiries every day for modern homes of all sizes. Yours may be just the place that will suit. Call to-day, or telephone, and list your property. My watchword is: 'No misrepresentation'"; or "Wanted—We can sell or exchange your property or business no matter where located; our terms for closing deals are very low; it will pay you to investigate our plans"; or, "We handle properties; nothing is too large or too small for us. We have a fine list of lots, homes, investments, income properties, timber lands, berry land; in fact, anything in the real estate line. Come in and see us if you want a good buy. List your property with us for quick sales. We have customers for choice building sites"; or, "List your property with us. From our listings received since Sunday last, we have made a large number of deals that again has demonstrated our ability to 'do things'; several of the bargains were 'snapped up' before the ink was hardly dry on our books, and we are looking for more opportunities to make money for our clients. In order to do so, we want your property, not to fill our books with a larger list, but to supply our customers, who are legion, and are waiting with the money and an eagerness to purchase. Call at our splendidly equipped offices, where we have the system, the ability and determination to be the leaders in our profession."

Sec. 251. P. T. Barnum, one of the most renowned advertisers of his day, gives the following suggestions in regard to advertising: Don't hide your light under a bushel; advertise your business thoroughly and efficiently in some shape or other and it will arrest public attention. There may be some business or occupation which does not require advertising, but I cannot well conceive what it is. Homeopathic doses of advertising will not pay; they make the patient sick and effect nothing; administer liberally and the cure will be sure and permanent. Some say they

cannot afford to advertise; they mistake; they cannot afford not to advertise. Everybody reads the newspapers, and these are the cheapest and best means of speaking to the public. Put on the appearance of business and the reality will generally follow. While you are dealing with one set of customers, your advertisement is being read by thousands of others.

Sec. 252. Success and failure are often results of proper and improper follow-up systems. Every name and address received through the medium of an advertisement has a possible cash value, and as such should be carefully preserved and judiciously followed. The excessive use of large quantities of printed matter in follow-up systems is wrong. Short, plain, self-explanatory letters will do in the majority of cases. The smaller the quantity of literature, the greater its chances of being read. A New York concern never uses one cent postage, but sends out all its literature under two cent stamps. By going to the expense of two cent stamps, good stationery, return envelopes, etc., they find they stand better chances of receiving returns than if one-cent stamps and cheap paper are used. After the name and address of the inquirer are secured, efficient follow-up work is more important than advertising.

Sec. 253. A real estate advertiser writes:

(a) A sign over your door that you sell Real Estate is not going to bring a rush of prospective customers into your office. Neither will your announcement that you have "all kinds of farms to sell," printed in a newspaper, make people write you for particulars, because such an announcement makes no impression. Unless you can interest and impress people sufficiently to make them write you, no results will be obtained, although your announcement may be read by a great many persons.

(b) In order to interest, one must be specific. Instead of offering all kinds of farms, select one and describe it fully. Better get ten men worked up to the point of buying than try to appeal

to a thousand and fail to set them thinking. Say something that will appeal to somebody.

(c) If you offer a farm that must be sold because the owner died, you would strongly appeal to those that are looking for a real snap. If your farm has a nice, bearing orchard, that would catch others. If your farm borders on a lake, that would be a great attraction. If there is some timber on the place, that might turn the scale. If your farm raised a magnificent crop last year, mention it and put heart into the timid and doubting.

(d) If you have a \$5,000 farm to sell, it is time and money wasted to correspond with a \$500 man; therefore, state the price or give an idea of what the farm is worth.

(e) Give the location. The name of the county is good, if the ad. is intended for readers in the same State. Otherwise, better give the part of the State or the valley, etc., where the farm is located. Nebraskans know that Lancaster county, the country around Lincoln, is situated in the southeastern part of Nebraska, the "South Platte Country," where land is worth as high as \$125 an acre; they also know that some 400 miles farther west, in the west end of the State, in the "Sand Hill district," you can get a free Government homestead of 640 acres, under the new law, which was passed because a man cannot make a living on 160 acres of Sand Hills. But readers in other States do not know whether Lancaster county is in or near the Sand Hills. They must be interested before they will look it up on the map.

(b) Sometimes a few words may be necessary to counteract unfavorable notoriety which some drought, flood, cyclone, or earthquake may have given your locality. Thus, a \$1,000 Kansas farm, even if offered at \$500, would not appeal to the man whose whole knowledge of Kansas is restricted to the drought region, unless you make it plain in which part of the State your farm is—that it is in the rainy district, where droughts are unknown.

(g) If your farm is well improved, has a good house, is in a good neighborhood, close to a good town, convenient to school

and church, this should, of course, be gone into fully. In short, do not fail to put in all the information that would interest, and favorably impress, the prospective buyer.

(h) In offering wild lands, give enough of a description of the land and of the natural advantages and prospects, to get the reader interested. Do not overdo things. Do not use too many big words. Avoid glittering generalities. Appear to be frank and humanize your talk as much as possible. Tell of the experiences of settlers, how they started, what they have accomplished, what progress has been made in the way of public improvements in the last year or so. Wind up with an offer to send a map, a pamphlet or full description of the land. If your advertising talk has the proper ring, the reader will be eager to learn more about your land.

(i) It is better to run a larger advertisement, giving the right kind of information, a few times, than to run continually a small ad. which says nothing.

(j) "Blind ads." like the following are sometimes used by real estate men:

FARM WANTED.

Will pay fair price for good sized farm in good section, soil must be first class. Will take large or small place if it suits. Will bargain for machinery and stock. Give description and lowest price. I want the best I can get for my money. I want possession in May or October. Will deal with owners only, real estate men need not answer. Address

Box 980, Minneapolis, Minnesota.

Sec. 254. The student will do well to give some study to the suggestions for advertisements given in Forms Nos. 127 to 136, inclusive.

Sec. 255. The following is the schedule of commissions approved by the Los Angeles Realty Board:

SCHEDULE OF COMMISSIONS.

ON REAL ESTATE SALES.

(a) COUNTRY PROPERTY:

On all property situated outside the city limits of the city of Los Angeles 5 per cent on the purchase price.

(b) CITY PROPERTY:

On all property located within the city limits of the city of Los Angeles 5 per cent on the first \$1,000 and $2\frac{1}{2}$ per cent on the balance of the purchase price.

ON REAL ESTATE EXCHANGES.

$2\frac{1}{2}$ per cent on the estimated value of the property [contributed by each party to be] exchanged, to be paid by each party to the exchange.

RENTAL CHARGES.

(a) For renting unfurnished houses, stores, and other unfurnished property, except as herein specifically mentioned, from month to month, 10 per cent of the first month's rent.

(b) For renting furnished houses and other furnished property 15 per cent of the first month's rent.

(c) FOR LEASING ALL CLASSES OF PROPERTY:

$2\frac{1}{2}$ per cent on the amount of the First Year's Rent.

2 per cent on the amount of the Second Year's Rent.

$1\frac{1}{2}$ per cent on the amount of the Third Year's Rent.

1 per cent on the amount of the Fourth Year's Rent.

$\frac{1}{2}$ per cent on the amount of the Fifth Year's Rent.

On leases for a term exceeding five (5) years $\frac{1}{2}$ per cent of the rental for the remainder of lease.

For assigning a lease at request of the tenant, \$5.00, to be paid by tenant.

Making inventory of contents of furnished houses and flats, \$5.00 up.

Checking inventory, \$2.50 to \$5.00 each checking.

All Charges to be Deducted from the First Money Received, and to include drawing of lease.

COLLECTION OF RENTS AND GENERAL MANAGEMENT OF PROPERTY.

On business property, $2\frac{1}{2}$ per cent of rents collected.

On other classes of property, 5 per cent of rents collected.

Care when vacant: Unfurnished houses, \$1 a month.

Unfurnished flats, 50 cents a month (each flat).

Furnished flats, \$1 up a month.

Business property: Inside retail district, no charge; others, \$1 a month each store or apartment.

DRAWING DEEDS, MORTGAGES, ETC.

For drawing deeds, mortgages and other legal papers incident to real estate transactions, including notarial acknowledgment, a charge of \$1.50 to be made.

LESSON VI.

OF SELLING AND EXCHANGING.

Section 256. A real estate broker should always keep in mind the fact that he must be pre-eminently a salesman. Commercial travelers and salesmen in other lines take kindly to real estate salesmanship. A salesman must have a meritorious article to sell, must seek his customer, must introduce the subject of the sale, and evince a willingness to serve his customer and aid him in making a desirable purchase or investment.

Sec. 257. A successful salesman must be honest. He must have a character that will inspire confidence and must be pleasant and agreeable as well as capable. He must create a congenial atmosphere about him. Then he must know his goods. He must satisfy himself that he is selling the best goods at the lowest prices. He must know the reason why they are the best, and he must present these honest, convincing thoughts in a way that will carry conviction to the hearer. The most successful salesman is he who understands human nature and who can set forth the merits of what he has for sale in a clear and convincing manner. It is unnecessary to state that every salesman should have system in his work, and the system should be his own. One person cannot adapt in its entirety a system devised by another, as there are no two persons who think, reason and act precisely alike. A broker should think out his own system and then live up to it. He should have certain office hours, be at his office within those hours, leave someone in charge when he is out, or leave a notice stating when he will return; have a method of making notations on a calendar pad or otherwise as to future work and appointments; and carry a memorandum book wherein he can jot down things to be done, together with names and telephone numbers of customers.

Sec. 258. The soliciting of life insurance is one of the most delicate and difficult duties of a salesman. A great deal of thought has been given to the subject, and the following is an adaptation to the real estate business of the pithy remarks of expert life insurance solicitors: "You were afraid of your man—that he might 'turn you down.'—He bluffed you at the critical moment. You lost your moral courage at the crisis. You left your man five minutes too soon. You argued with him about other real estate dealers and their properties. You did not unfold your contract of sale and commence writing when he was on the fence. You failed to show a confident and fearless smile when he was gruff and severe, and you did not realize that a gruff man often has the kindest heart. You tried to talk to him in the presence of others or while he was busy or preoccupied. You did not request a brief and private interview. A private interview has the effect of increasing your customer's importance in his own estimation. You did not study the favorable conditions of your property as compared with other similar properties and you did not emphasize these points. You waited too long and the other fellow got there first. He told you not to call again for two weeks, *and you didn't*. You wrote him letters instead of calling. You spoke disparagingly of rival brokers and lost your customer's respect. You became temporarily interested in other customers or properties and neglected this particular customer. You expected your customer to keep you in mind and also his promise to let you know when to call again, instead of dropping in on him unexpectedly. You did not give him a straight-from-the-shoulder talk in a confident and bouyant spirit. You did not work and think hard enough, nor exercise sufficient foresight in anticipating and tactfully combatting opposing arguments."

Sec. 259. In selling property, both principal and agent should avoid artifices calculated to mislead. As is well known, fraud vitiates all contracts. Any misrepresentation of a material fact on which the other party had a right to rely, and in respect to

which he was deceived to his injury, is fraud. Fraud has been defined to be any kind of artifice used by one person in deceiving another, but what constitutes fraud depends upon circumstances. Fraud must be proved and will not be presumed. Every person relies at his peril on the opinions of others when he has an equal opportunity of confirming or exercising his own judgment. Puffing and extravagant commendation of property is, therefore, allowable, and does not amount to fraud which will avoid a contract. The buyer should not trust to the assertions of the seller or agent as to the market or real value of the property. The principal or agent should not suppress material facts nor conceal latent defects regarding the property to be sold where both parties have not equal access to means of information. To do so will be deemed to be fraud. The difference between a false statement in the matter of fact and a like falsehood in the matter of opinion has been illustrated thus: If I, the owner of a house, affirm that it will sell or let for a certain sum per annum when in fact no such sum can be obtained, such statement is in its nature a matter of judgment or an estimate and will be understood that the party so considered it. But if I falsely affirm that the house brings \$150 per annum when in fact it is let for \$100 per annum, such affirmation is a fraud, because I know what fact is, although the buyer, even if he should inquire of the tenant, might not be able to ascertain the fact, as the tenant might not give him any information or give him false information.

Sec. 260. The seller is placed in a somewhat different position, as if he allows himself to be beaten down in price by any false inducements or statements on the part of the buyer or agent, he cannot recover the difference between the price he first asked and that which he afterwards consented to take because of such false representations.

Sec. 261. If a party discovers that fraud has been practiced upon him and he does not intend to stand by the bargain he should

declare the deal off and restore, or offer to restore, anything he may have received under the contract.

Sec. 262. If the agent should at any time have in his possession funds belonging to his principal, he should be careful to keep such funds separate from his own funds, as, if the two could not be distinguished, the principal might claim the whole. If deposited in a bank, the agent should keep two accounts, one for the funds of his principal and one for his own funds, and make all payments by means of checks, which, in the absence of receipts or other written proof of payment, might serve as vouchers.

Sec. 263. An agent should always keep his principal well informed as to the progress of negotiations and as to the condition of business under his charge.

Sec. 264. In opening negotiations for a bargain between parties, a broker should invariably communicate sufficient information to them to identify the transaction so that he may be entitled to his commission.

Sec. 265. A person undertaking to act as a broker impliedly warrants that he possesses such knowledge and skill as, in ordinary cases, would be adequate for the purpose.

Sec. 266. A portion of this lesson will consist of a few "Don'ts for Real Estate Brokers."

(a) Don't induce your client to buy an undesirable property for the sake of the commission you might make.

(b) Don't buy property yourself from your client, knowing you have it already resold to another at an advance; you probably made a commission in buying the property for your client, and you should sell it for him to the best advantage and be satisfied with the second commission.

(c) Don't try to coerce buyers, after you have shown a property, by insistent suggestions to buy, as they may think you too demonstrative and avoid you.

(d) Don't give your estimate offhand as to the value of a certain piece of property when you don't know what it is actually

worth. You might lose your reputation for good judgment. Simply say you don't know what it is worth now, but will investigate and report.

(e) Don't attempt to crowd sellers into making a sale. Instead of doing so, use arguments that will appeal to them, as, that the time to sell is when one has a buyer, and that there are other properties on the market, as good or better, which may be brought to the attention of the proposed buyer if the sale is not made.

(f) Don't, if possible, let your buyer have an opportunity to think about the deal over night; if the buyer has time to consider over night, he is pretty certain to decide not to buy, as human nature is so constituted that fear is predominant in the night, whereas hope is quickened by the light and sunshine of the day.

(g) Don't take sides with either party when both are present, closing up a deal; let them adjust any differences that may arise, and, by a tactful, diplomatic word at the right time bring the matter to a friendly close.

(h) Don't forget that every buyer will some day buy, and every seller will some day sell; so work a "follow-up" system on each class, offering new properties to the buyers and soliciting new properties from the sellers. Keep separate lists of both buyers and sellers, with brief notations, if need be, to indicate their wants.

(i) Don't forget to remain with your customer, when you take him out to show him property, pass his objections by unnoticed or courteously dismiss them; and don't let your customer talk to neighbors or tenants, except in your presence.

(j) Don't omit making suggestions to your customer along the lines of the comfort, contentment and pecuniary gain, which, in your opinion, will be his if he makes the purchase in question; and by all means, don't neglect to first place yourself in a buoyant and confident frame of mind, as your sanguine utterances will then have the more compelling effect upon your customer.

(k) Don't manifest any impatience if the buyer desires, before purchasing, to have the property examined by a builder or

architect to determine what the building could be erected for and its present value. Arrange for the examination and impress upon the buyer that you are looking after his interests.

(*l*) Don't fail to get a deposit from the buyer as speedily as possible, as this is what you are working for, and you are never sure of a sale until you have received a deposit, and not always then, as the deposit may be forfeited by the buyer.

(*m*) Don't contradict your customer, unless absolutely necessary to do so to correct a serious misapprehension, and if he is pleased with a property that you don't think well of, acquiesce in his judgment.

(*n*) Don't attempt to sell or list too many properties at a time, if you expect to do all the work yourself. It is better to confine your efforts to a few first-class properties that are real bargains until you dispose of them, rather than to scatter your energies over a multitude of pieces. After you have gained a reputation for making sales, people will come to you without solicitation and insist on your handling their property.

(*o*) Don't allow the owner to offer the property at one price while you quote it at another and higher price, the difference being your commission. Insist on his quoting the price you quote, with understanding that he may say to an intending purchaser who has come voluntarily to him without having obtained information as to the property by or through you, that, inasmuch as he would have to pay a certain amount as commission in case the sale were made through a broker, he, the owner, will deduct that sum from the purchase price, provided the proposed buyer will at once close the deal. The practice of having two prices on one piece of property at the same time always leads to trouble and complications. A buyer, if he ascertains that the owner has a lower price, concludes that the broker has been trying to extort money from him, and feel aggrieved, and the reputation and business of the broker is needlessly injured.

(p) Don't forget to obtain a deposit from a purchaser who offers less for a certain property than the owner is asking for it, as, by obtaining the deposit, together with say ten days in which to endeavor to close a deal, you prevent the purchaser from buying anything else, and in many cases by diplomatically securing concessions from each party, you will succeed in effecting a sale of the property desired, or of some other property.

Sec. 267. Real estate brokers are sometimes subjected to annoyance and not infrequently to loss of commissions by reason of inquiries being made about properties by bargain-hunting purchasers or emissaries from rival brokers. To guard against this, the author suggests a form like No. 122, to be used by the broker at his discretion when called upon for a list of properties. These lists can be bound in pads or in books and a carbon copy retained of the list as furnished. The moral effect on the inquirer would no doubt be good, and the broker would obtain the name and address of the inquirer which he oftentimes fails to do.

Sec. 268. Brokerage in stocks and bonds cannot, as a rule, be successfully done in connection with real estate. The man who handles stocks and bonds must look well fed and be well groomed, be suave in address, and frequent clubs and hotels where the wealthy congregate. He must cultivate and exhale an optimistic view as to financial matters and wear a smile that won't come off. His clients are to be found among retired business men, and among women and young people who have inherited money, and who wish to place it where they hope it will be secure and call for no personal effort on their part in looking after it, and where the dividends or interest will be received with undeviating regularity. As a rule, this class of investors know very little about the securities in which they invest beyond what is told them by the broker, and the broker must act his part with great tact and probity. The story of the two brothers, James and John, illustrates the stock brokerage business. "I have some spare money," said James, "and I think I will take a little flyer in stocks. What do you advise

me to buy?" "You can do no better than to buy the Great Hot-airship, Unlimited," said John. "Where can I get that?" said James. "Oh, I can sell you all you want," quoth John. The real estate broker is at times forced of necessity to engage in handling stocks and bonds, as the latter are active and real estate is quiet. This is particularly true when business is recovering from a period of industrial depression. Stocks then first become active, because new enterprises are organized, and the sale of shares is carried on to acquire capital.

Sec. 269. "Business Opportunities," or "Business Chances" is the title generally given to all sorts of business whereby men make a living by catering to others, such as bakeries, barber shops, drug stores, restaurants, lodging houses, etc. The broker who makes a specialty of business chances and exchanges, in order to be successful, must have in his makeup something of the "born trader" instinct.

Sec. 270. The "Good Will" of the business is the expectation that the customers under one management will continue to be customers under the next succeeding management.

Sec. 271. In transferring the title to personal property, no abstracts of certificates of title are obtainable, as a rule, and the purchaser must examine the public records for himself or have some one do so for him who understands that part of the transaction. The broker generally attends to this, for the purpose of ascertaining whether or not the statement of the seller in regard to there being any incumbrances on the property is true. The seller should have in his possession a bill of sale from the party from whom he purchased, and if he has given a chattel mortgage that should appear of record, and any judgments against him would also appear of record. As to whether or not the seller has paid for the goods he has, aside from those acquired by the bill of sale, the purchaser should require him to produce receipted bills therefor, and if not paid, should ascertain from the parties of whom he has been purchasing that the amount of the bills unpaid as given by

the seller is correct. There may be some consigned goods, such as perfumery or fountain pens, which are payable in installments or at a certain later date, and this also should be investigated. The agent generally attends to these matters for the parties. The transfer of personal property is effected by means of a bill of sale. (See Form No. 91.) A contract of Conditional sale is used where the seller wishes to retain the title to a sewing machine, wagon, or other article or articles which the purchaser can use but cannot sell. (See Form No. 92.) A law regulating the sales of merchandise in bulk has been adopted in quite a number of the states in order to protect wholesalers as well as the buyer and seller.

Sec. 272. In making a contract of sale of merchandise, the seller may agree not to engage in the same line of business, either directly or indirectly, in the same place within a certain time.

Sec. 273. Exchanges of both real and personal property are most actively made when sales for cash are slow. Exchanging of one species of property for another, where no money changes hands, makes it somewhat difficult for the broker to collect his commission, and he generally has to take in payment a promissory note, either secured by mortgage or unsecured, and keep after his client until the broker is able to make another deal and convert some of the property into cash.

Sec. 274. Money may be made in the rooming-house business, but, as in every other business, experience and good judgment are indispensable qualifications to making it. The general impression prevails, however, that any one who can raise the price, can make money running a lodging-house. And yet a great many people try it and fail. Considerable ability and a good knowledge of human nature are essential to the handling of all sorts of people under diverse circumstances, and to be constantly on the watch both of roomers and of expenses is apt to wear on one. Then, where there are a good many ladies and children in the house, jealousies and gossip will arise to annoy one. There are persons who are peculiarly fitted for conducting a

hotel or lodging-house, and such persons can, by buying run-down places from inexperienced and unwary investors, make the business pay, especially if the house be brightened up by means of paper and varnish and special inducements be offered to guests. Having placed the house on a good paying basis, the owner is then ready for an exchange or a sale. The successful rooming-house owners are chiefly women, and some of them have become wealthy by reason of remunerative sales and exchanges. Country property owners often wish to remove to the city, either because they have become tired of farm life or because their grown children are occupied in the city, and it is with these that the lodging-house owner makes desirable trades. The country owner, having led an active life, desires something in the city whereby he can be occupied and make money. Here is where the lodging-house and hotel broker makes his harvest, and in large cities some brokers devote their entire time to this branch of the business.

Sec. 275. In disposing of business chances, the seller should always have a plausible reason to advance for selling out—sickness in the family, other business requiring attention, about to move to another section of the country, wanting a change, etc. Sometimes the party who holds a mortgage on the stock wants his "change," but of course the broker need not mention that.

Sec. 275½. "My equity" is a phrase frequently used in connection with sales and exchanges, but not always understood. It invariably has reference to property which is incumbered by mortgage or otherwise. For example: An owner values a certain property at \$4000; there is a mortgage on it of \$1800; his "equity," therefore, is \$2200. In making exchanges, values are often placed one-fourth higher than the owner would take for cash. By means of inflated values, each party to an exchange hopes to gain an advantage.

LESSON VII.

OF OPTIONS, CONTRACTS AND CONVEYANCES.

In this connection study first, Secs. 61 to 79 inclusive, 80 to 92 inclusive, and 126, and 129 to 133 inclusive, of the "Text Book."

Section 276. Whenever a broker is called upon to formulate an option, contract, deed or mortgage, as he naturally will be in the course of his business, he will be expected to do so with reasonable speed and correctness. In order to do this, it will be necessary for him to give some study beforehand to the matter.

Sec. 277. The broker should provide himself with the printed legal blanks ordinarily employed in making sales and transfers in his section, as these are the blanks with which persons resident in that vicinity are familiar. Printed blanks do not always fully meet the requirements of the law nor the intentions of the parties. Thus, the provision, usually to be found in an agreement of sale, that the vendor shall furnish a good and sufficient deed does not require him to furnish a marketable title. Should the broker not find printed blanks to meet his requirements, he is referred to the forms mentioned in this lesson.

Sec. 278. It is not the printed forms with which the broker will have the most difficulty, but with forms for which he has had no precedent. It frequently happens that parties desire to come to an agreement immediately in regard to something which can be completed only at a later date when certain other documents are in readiness or certain other acts have been performed. Forms Nos. 109, 110 and 111 are furnished as suggestion along this line.

Sec. 279. There are not a few persons, beginners in the real estate business among them, who do not know what sort of a paper to use for any particular purpose in connection with the

conveyance and transfer of real and personal property, and the following information will be found helpful in this regard:

(a) SEPARATE ASSIGNMENTS are used for the transfer of the following named several properties: Accounts, homesteads, patents, bonds, contracts for the sale of real estate, copyrights, judgments of courts, leases, mortgages of either real or personal property, or of both real and personal property. Any instrument, except a deed, which has not been put of record, may be transferred by the indorsement of the assignment on the instrument itself. Where the assignment is made on an instrument which has been recorded, or if made on an instrument which has not been recorded but which the law requires or the interest of the parties demand that it shall be recorded, and where separate books are provided for each class of instruments, as a "Book of Leases" for the record of leases and a "Book of Assignments" for assignments, it is evident that the instrument and the assignment indorsed thereon would have to go of record in both books. In such a case, the proper course is to prepare a separate assignment. Where an instrument is not required to be recorded, as is the case with policies of insurance, certificates of stock, corporation bonds and promissory notes, the title to these may be transferred, so far as the parties to the transaction are concerned, by indorsement and delivery; but there being a third party interested in the case of corporate stocks and bonds and policies of insurance, further action is necessary; the assignment of the policy of insurance must be assented to by the agent of the company issuing same; the certificates of stock must be cancelled and new certificates issued by the corporation; and where corporate bonds have been registered, they must either be released from registry or transferred to the name of the new owner by the transfer agent.

(b) DEEDS are always used to convey the title acquired by deed; a separate assignment, an indorsement on a deed, or a bill of sale is not sufficient to pass title by deed. The party named in a deed as he to whom the property is conveyed, is called the

grantee, and when such grantee makes another deed of the same property to another person he becomes the grantor.

(c) **BILLS OF SALE** are used to transfer the title of personal property; and these are frequently used by careful conveyances to transfer certificates of stock, and corporate bonds, in addition to indorsement and delivery, as they afford tangible written evidence of the transfer. They are used for the transfer of the title to all sorts of personal property, such as furniture, live stock, etc.

Sec. 280. A proposed purchaser will find it to his advantage to study the "Purchase Chart," Form No. 1, page 29, of Text Book, to put him on his guard against overlooking anything that should be mentioned while the negotiations are in progress, as a discussion by the parties of all the points involved, before entering into a contract, will save both time and trouble afterward. When there is a building and loan mortgage on a place, the purchaser should obtain a written statement from the agent of the company, showing exactly the amount still owing and the monthly payments, and how much thereof is applied to the principal, and how much on the interest. A borrower from a building and loan association is always a stockholder and usually there are transfer fees to be paid when the certificate of stock is transferred. These fees should be borne by the seller. In California, the taxes on personal property, where a person is the owner of both real and personal property, becomes a lien on the real property, and where the purchaser agrees to assume the taxes, particularly the first installment for the fiscal year, he should make a deduction for the tax on personal property, if ascertainable at the time; if not ascertainable, then he should have an agreement in writing from the seller that he will pay the personal property tax; or a sum sufficient to cover should be placed in the hands of a responsible third party until the taxes are ascertained and paid by the seller. Such taxes usually attach as a lien to the premises in which the seller resides.

Sec. 281. When an agreement is made for the sale, or for the mortgaging or leasing of property belonging to an estate, or to a minor or incompetent person, such agreement should be made with the executor, administrator or guardian, and contain a clause to the effect that the same shall be subject to the confirmation of the Court having charge of said matter.

Sec. 282. In case an executor, administrator or guardian enter into an agreement for the investment of the funds belonging to an estate, or to a ward, the agreement should also be made subject to the approval of the Court having charge thereof; otherwise, the executor, administrator or guardian is personally liable. The application to the Court takes the form of a petition (see Form No. 137) which must be verified upon oath by the petitioner; the order of the Court, made upon hearing, directs that the petition be granted; and a certified copy of the order must be filed for record, with the deed, lease or mortgage; and the consideration mentioned in the instrument of conveyance must be the same as that mentioned in the order of the Court. In this instance, a nominal consideration (see Text Book, page 58) will not be acceptable.

Sec. 283. In California, and in the Western states generally, religious corporations not organized for pecuniary profit are required to petition the Superior Court for permission to sell or mortgage property. Notice of intention to sell or to mortgage must be published as directed by the Court, and upon hearing of the matter, any member of the corporation may oppose the granting of the order. An agreement to borrow money from such a corporation, or for the purchase of its property, should contain a clause to the effect that the same is made subject to the confirmation of the Court.

Sec. 284. In states where the wife is entitled to dower, the contract should contain a clause providing for release of dower. The release of the wife's contingent right to dower is made to the party to whom the husband conveys; it cannot be made to

the husband himself nor to a stranger. The release must be by grant deed, but in some of the states the mere signing by the wife of the husband's deed is sufficient. A homestead (see Sec. 125) may be released by an abandonment of homestead (see Form No. 59) or by both husband and wife executing the deed of conveyance.

Sec. 285. The tendency in conveyancing at the present time is in the direction of brevity and simplicity. Some conveyancers still use "enfeoff" and "aliene," and the rolling of these and other fine phrases under the tongue with suitable intonation impresses the ordinary mortal that by means of that particular instrument the thing has been everlastingly done, finished, completed, effected, accomplished, performed, executed, achieved, fulfilled, perpetrated and consummated. On the other hand, persons who are not accustomed to lengthy instruments, often exclaim: "My, what a long paper!" In fact, if one wishes to secure a right of way from a farmer, he should make the instrument as brief as possible, as the tiller of the soil thinks that a lengthy paper, even though it be no more binding than a short one, has some secret "hitch" concealed in its sinuous folds. In any written instrument, wherever figures are used, the same should also be written in words; as, for example: Twenty-three and 53-100 Dollars (\$23.53); Lot Number 36 (thirty-six), Township Four (4), North, etc.

Sec. 286. As stated in Section 63, page 31, of Text Book, certain contracts are required by law to be in writing. The laws of California also provide that an agreement for the sale of goods, chattels or things in action, at a price of not less than \$200, unless the buyer accepts or receives part of such goods and chattels or the evidences, or some of them, of such things in action, or pays at the time some part of the purchase price, must be in writing; but when a sale is made at auction an entry by the auctioneer in his sale book, at the time of the sale, of the kind of property sold, the terms of the sale, the price, and the names of

the purchaser and person on whose account the sale is made, is a sufficient memorandum. An agreement which, by its terms, is not to be performed in the lifetime of the promisor, or an agreement to devise or bequeath any property, or to make provision for any person by will, must be in writing.

Sec. 287. Any contract not required by law to be in writing may be made with the same force and effect as if in writing. Prudent foresight and the liability of the impressions received on the memory to become dim by lapse of time, and the tendency of each individual to take the view most favorable to his own interests when questions arise regarding the meaning of a verbal contract, would indicate that the only safe rule is to reduce all contracts to writing. The execution and delivery of a written contract, whether the law requires it to be in writing or not, supersedes all negotiations which preceded or accompanied the execution of the instrument.

Sec. 288. In addition to the written instruments ordinarily employed, the broker will have occasion from time to time to use other supplementary written evidences in connection with some transactions. Every written instrument, such as a contract, option, etc., should be sufficient in itself to confer all of the rights that the purchaser or option-holder supposed he was obtaining, and the value of having those instruments carefully drafted and adequate for the purpose intended will be realized only after loss has occurred through the use of defective or insufficient writings. In this connection, attention is called to Forms Nos. 113 to 117, both inclusive, relating to an option taken under the following circumstances: A broker submitted to the owner an option, substantially in the form of No. 112, which provides for the owner furnishing an unlimited certificate of title (No. 47) showing the premises free and clear of incumbrances. At the time of signing the option, the owner did not inform the broker, nor did the broker know, that the premises were incumbered by an easement in favor of the city, in which the premises

were situated, for a right of way for a pipe line. The broker sold the premises at a profit of about \$2,000, and agreed with the purchaser to furnish a deed free and clear of incumbrances. The transfer was placed in escrow with a title company. (See Lesson on Escrows.) When the title company were about to write the certificate of title, they requested the purchaser to waive in writing the easement, and this was the first notice the purchaser had that the premises were incumbered by an easement. The purchaser, thereupon, declined to take the premises with the easement. In this transaction, as is the case in many sales of real estate through brokers or option-holders, the owner and the purchaser had not seen each other at all, all negotiations between the parties having been conducted by the broker. In such a case it is advisable for the broker to have written evidence of every step in the transaction in order to show that he is acting in good faith. Upon the refusal of the purchaser to take the premises because of the incumbrance, the broker had the purchaser sign Form No. 113, and he presented this, together with Form No. 114, to the owner. Upon ascertaining that the owner would clear the incumbrance from the premises, he then advised the purchaser of the fact as per Form No. 115. When the owner had obtained and filed his deed from the city, quit-claiming the incumbrance to him, the broker then had the title company write up a certificate of title, showing the premises free of incumbrances, and he tendered such certificate to the purchaser with a letter as per Form No. 117. In instances of this kind, it is necessary for the broker to be on the alert and safeguard every step in the negotiations by a writing, if he wishes to keep the parties in line. It is not probable that any broker who reads these lines will have a case precisely similar to the foregoing, and these suggestions and forms are offered merely as thought-savers and time-savers.

Sec. 289. For a receipt for deposit paid by the purchaser on account of land sold him, use Form No. 2 or Form No. 3, page 37, Text Book; for a sale made by the agent, in behalf of the

owner, use Form No. 90; for an agreement of sale of land in a city, or for city lots, use Form No. 5, with modifications as to restrictions, etc., to suit the case; for an option, containing full terms, and giving exclusive right of purchase for a certain length of time, use Form No. 112.

Sec. 290. For an agreement of sale, which is a continuing option, requiring the buyer to be very prompt in his payments, the seller extending the time from month to month as such payments are made, use Form No. 7.

Sec. 291. It is always best to have all such agreements made in duplicate or triplicate, and, except as to options, all such agreements should be signed by each party, and each party should retain one copy of the agreement. The broker also should keep a copy for his files.

Sec. 292. In this connection, let the student read carefully Sections 61 to 79, both inclusive, commencing on page 31 of Text Book.

Sec. 293. Also Sections 80 to 93, inclusive, commencing on page 48 of Text Book, subject "Deeds," and particularly the "Analysis of a Deed," and comments thereon, pages 54 to 63. Also the subject of "Mortgages," Sections 93 to 108, both inclusive, commencing on page 75 of Text Book.

Sec. 294. See Text Book, Section 92, page 59, as to where to get description of property for writing up deed or mortgage; and Section 104, page 78, for clause to be inserted in "Purchase Money Mortgage;" and Section 103, page 78, for wording of clause conferring right to pay off note by paying bonus of interest; see "Conditions," page 56, for wording to be inserted in deed where premises are to be conveyed subject to a mortgage which is to be assumed by purchaser.

Sec. 295. The following are the forms for which the student and practicing real estate man will have the most frequent use, and they are enumerated here for the sake of convenient reference.

(a) Assignments: Separate instrument, No. 8, page 44; to be annexed to instrument, No. 9, page 45; to be endorsed on instrument, No. 10, page 45; of a lease, No. 66, page 162; of a mortgage, No. 32, page 87.

(b) Contracts: Brief memorandum of sale, No. 2, page 37; more complete memorandum of sale, No. 3, page 37; formal memorandum where abstract is to be furnished and examined by attorney or purchaser, No. 4, page 38; contract for sale of land, providing for partial payments, for building restrictions, and for execution and delivery of deed, and delivery of certificate of title upon full payment being made within the time limited, No. 5, page 40; agent's agreement of sale, No. 90, page 198; owner's agreement with agent, No. 89, page 197; builder's contract, very full and complete, No. 49, page 122; contract for drilling oil wells, giving full details, No. 65, page 157; party-wall agreement, frequently used, but not to be found in many works on real estate, No. 83, page 174; contract appointing agents to subdivide and sell property, very frequently used, and going fully into details, but seldom met with, No. 87, page 183; declaration of trust in respect to property conveyed in trust for the purpose of being subdivided and sold, No. 88, page 187; bill of sale, No. 91, page 199; contract of conditional sale, or a sale which is apparently a lease, No. 92, page 199; contract to extend mortgage and increase rate of interest, No. 36, page 94; chattel mortgage, No. 141; crop mortgage, Form No. 142; contracts of exchange, Nos. 109, 110 and 111; special clauses in lease, Forms 143 to 153, inclusive.

(c) Deeds: Analysis of a deed, showing the several orderly parts, No. 13, page 55. The student should give this form careful study, and should read over carefully, several times, the comments thereon, pages 58 to 63, inclusive. In drawing a quitclaim deed, refer to No. 14, page 63; a deed of gift from husband to wife, No. 15, page 63; a deed to mining lands or mining rights, No. 16, page 64; a deed from several grantors to County

for right of way for road, No. 17, page 65; a deed of right of way for a pipe line to terminate six months after non-user, No. 84, 177; of agricultural rights by a corporation, and reserving the mineral rights, thus creating two estates in the land, No. 18, page 66; this form shows also certified copy of resolution of Board of Directors authorizing the officers of the corporation to execute the deed, such resolution being prefixed to, and to be recorded as a part of the deed; of a deed from individuals to a corporation, conveying the minerals, and rights, privileges and easements necessary for extraction and removal of same, the agricultural rights being reserved, and the acquisition of the mineral rights by the corporation being ratified by the holders of more than two-thirds of its issued and outstanding stock, such ratification, in some of the states, being necessary to the validity of the deed, No. 19, page 68; of a deed of trust to secure a note, called "Trust Deed," No. 34, page 90; of reconveyance of trust property, No. 35, page 93.

Sec. 296. Ground rent leases, where the law permits of their being made for from thirty to fifty years, are popular at present in large cities. The owner of the ground prefers to retain the title and await the increase in value which will come by lapse of time, rather than to sell. The lessee, on the other hand, rather than to buy at prevailing high prices, prefers to take a long-time lease, upon such terms as will enable him to calculate a fair margin of profit after paying the ground rent, cost of improvements and maintenance. A broker will find it greatly to his advantage, where parties wish to enter into a contract or lease, in regard to which there must be more or less negotiation pro and con before the final terms are all embodied, to submit an outline or synopsis along the lines desired by his client and containing also such other provisions as ordinarily go into a document of the kind. He will find that this will not only facilitate the negotiations, but will come in the nature of a surprise to his client, who will compliment him on his tact and knowledge. A long-time ground-rent lease is one

of the most difficult of instruments to draft, as there are so many contingencies to be provided for, and a first-class attorney would charge at least five hundred dollars for drawing a lease such as that here outlined. Leases of this kind are made in two ways: (1) Where the improvements to be erected by the lessee are only nominal in value, provision is made that all such buildings, structures and improvements shall be and become the property of the lessor, and no compensation therefor shall be due, allowed or paid therefor to the lessee. (2) Where the improvements are extraordinary, as in the case of a hotel or business block, provision is made for the appraisal of the improvements at the end of the term, as provided in Form No. 146. To indicate what such a lease should contain, the following outline is given:

Sec. 297. Synopsis or outline for a ground-rent lease:

1. Date, names and residences of parties, lessor, or party of the first part, lessee, or party of the second part.

2. Witnesseth, that, lessor, in consideration of rents and covenants to be paid, kept, performed and fulfilled on part of lessee, does demise and lease unto lessee the premises, situate in City, County and State (description).

3. Habendum (to Have and to Hold), see Form No. 124, "Yielding and Paying," etc. (Where the rent is payable monthly in advance for a number of years, it is the custom, in some instances, to require the rent for the first month and for the last month of each year, to be paid in advance at the beginning of the year, for the better assurance of the lessor; and this can be provided for in the lease, if desired).

4. Rent reserved is to be paid in standard gold coin of the United States; dollar defined as containing at least 25.8 grains of gold of standard weight and fineness observed at mints of United States at date of lease; acceptance by lessor of currency, legal tender, checks, coin, money or value whatever, except standard gold coin for any installment of rent shall not be waiver of

his right to demand gold coin in payment of any other installment or installments.

5. As a further consideration, lessee further covenants to pay and discharge, in addition to said rent, all rates, taxes, charges for revenue, assessments and levies, general and special, ordinary and extraordinary, including water rates, electric light and gas rates, assessed, levied or imposed on said premises, or upon any and all buildings thereon, during said demised term, commencing with the taxes for the fiscal year.....; same shall be made in the name of lessor, be paid at least five days before delinquency, and duplicate tax receipts therefor delivered to lessor.

6. Lessee agrees to erect, finish and complete, at his own cost and expense, upon said premises, a (here describe building) and have the same completed and ready for occupancy and fully paid for by Said building shall be erected under the inspection and to the satisfaction of the Building Superintendent of the City of..... Said building shall cost at leastdollars; plans and specifications therefor shall be approved by lessor as to general design, method of construction, strength of materials and cost of building. If lessor shall not approve plans and specifications submitted to him, they shall be submitted to a board of three architects, one to be appointed by lessor, one by lessees, and the two so appointed to select a third; a majority report of said board on said plans and specifications shall be final, and the building shall be erected in accordance therewith. If the plans and specifications are not so approved by said board, then further plans and specifications must be prepared and submitted in like manner.

7. Covenant that there shall be no mechanics' liens upon any building or improvement which shall be upon said premises; but if there should be, lessee must pay off same, and if default in payment thereof shall continue for thirty days, lessor may pay off same, and the amount so paid, including expenses, shall be so

much additional rent payable at the next rent day, with interest thereon at the rate of seven per cent per annum; or lessor may, at his option, terminate the lease; and if lessor shall conclude or determine that his estate may or might suffer injury or damage by reason of the filing of any lien or suit to foreclose the same, he may require lessee to give bond.

8. Covenant that the premises shall not be used for any immoral or unlawful purposes; and that said lessee will indemnify and save harmless lessor from any loss, damage or expense arising out of any accident or other occurrence causing injury to any person or property, and due directly or indirectly to use of said premises by said lessee, or any person holding under him.

9. Covenant as to removing or tearing down buildings only upon written consent of lessor and upon the following condition precedent being first fulfilled: Lessee shall first execute and deliver to lessor a contract, guaranteed by two good and sufficient sureties, agreeing to pay lessor.....dollars within two years of the date thereof, said contract to provide that inasumuch as it is impossible to determine upon the exact damages and injury which lessor will suffer by reason of the failure of lessee to construct a building or buildings upon said premises within said two years, said sum of..... dollars shall be considered as liquidated damages, and lessee shall be estopped from asserting same as a penalty; or lessee, if he elects, may, in lieu of sureties, deposit.....dollars withTrust Company upon the conditions above mentioned.

10. Covenant as to insurance. See Form No. 144.

11. Covenant as to owner's right to post notices. See Form No. 145.

12. Covenant as to appraisal of buildings. See Form No. 146.

13. Lessor's warranty. See Form No. 147.

14. Covenant to pay rent. See Form No. 148.

15. Covenant not to assign lease or sublet premises. See Form No. 149.

16. Heirs and assigns bound. See Form No. 150.

17. Testatum clause.

LESSON VIII.

OF MAKING TRANSFERS IN ESCROW

Study Sections 109 to 121, inclusive, of Text Book.

LESSON IX.

OF RENTING AND INSURING

In this connection study Section 127, pages 134 and 135, of the Text Book.

Section 297. RENTING. All persons who are qualified to hold real estate and who labor under no disability, may make a lease. A tenant for life can make a lease only to the extent of his interest. Joint tenants and tenants in common may make leases jointly and severally. When joint tenants join in a lease, it is only one lease, as they have only one estate.

Sec. 298. Every lease should be in writing, and should specify:

- (a) The date on which the tenancy is to commence;
- (b) How long the tenancy is to continue;
- (c) The days whereon, and the place where, the rent is payable;
- (d) Conditions which the landlord may deem necessary to protect his interests, such as that the tenant shall not sell liquor on the premises, nor conduct a disorderly house, etc.;

(e) And should provide that upon the failure of the tenant to pay the rent, or upon his violation of any of the covenants of the lease, the landlord may terminate the lease, re-enter and oust the tenant.

See Form No. 60 which contains covenants well adapted to the leasing of a dwelling house. Also, synopsis of a Ground Rent lease, Sec. 296.

Sec. 299. Any personal property belonging to the landlord, and left on the premises for the use of the tenant, should be listed item by item, in a separate paper, be headed "Exhibit A," and be attached to the lease, and be referred to as such in the lease.

Sec. 300. If the tenant intends to add anything in the way of fixtures to the landlord's premises, he should be given the privilege to do so in the lease, together with the right to remove such fixtures while entitled to possession or within a reasonable time thereafter. If the tenant does not exercise his privilege to remove his fixtures before his lease expires, he cannot lawfully do so afterwards, unless provision therefor is made in the lease, as the right to re-possess the land, and also the fixtures as a part of the land, vests immediately in the landlord.

Sec. 301. Firms and corporations who carry on the renting of houses and other buildings on an extensive scale, have the matter of giving out lists of such houses or buildings to intending renters reduced to a system. The forms in use by Wright & Callender Company, one of the largest real estate and rental concerns in Los Angeles, for the rental of houses, are shown in numbers 123 to 125 inclusive. The use of forms such as these puts inquirers on their honor, and enables the agent to secure his hard-earned commission, and prevents the dishonest and slippery renter from getting a foothold before he has paid his rent. The rental and the selling branches of the real estate business go well together, although the former is less remunerative and involves more detail than the latter. It sometimes happens that a would-be renter cannot find a residence to suit him, and he then is in a mood to buy—particularly after he has looked in vain for a week for a suitable house to rent.

Sec. 302. The mutual obligations of the lessor and lessee under a lease are fixed almost entirely by the covenants of the lease. Covenants in a lease to make repairs, to pay rent, to cultivate land in a certain manner, for quiet enjoyment of the premises, and all implied covenants, run with the land. If a lessor assigns the remainder of a term of a lease, his lessee is liable on the covenants running with the land. If the assignment is for a shorter term than the remainder of the term of the original lease, even by one day, the transfer is not an assignment, but is a sub-

ease, and in such case the sub-lessee is liable to the lessee and not to the original landlord.

Sec. 303. A good many landlords object to children, and a prominent real estate broker in speaking on this subject, said: "The children of today are not brought up as they should be. Discipline is not taught and applied as in the old days. In my boyhood days, discipline meant respect to your elders, subordination to authority and education in morals and manners as well as in schooling. It also meant punishment for errors committed as a preventive for the future. At the present time, parents seem to think their children can do no wrong and consequently are not reprimanded or corrected. The result is that many of the children of today are nuisances and objectionable in many ways, especially to owners of real estate, whose property is disfigured or destroyed by these young free lances. The old proverb, 'Spare the rod and spoil the child,' is just as good now as when it was written. Owners and agents, if they draw strict rules against children, cannot be blamed, as they have suffered from children's misdeeds and lack of discipline and have to safeguard themselves against further troubles and losses."

Sec. 304. An agent should familiarize himself with the laws of his State in respect to giving tenants notice to quit within the time prescribed by law.

Sec. 305. INSURING. In this connection, study Section 122, page 101, of Text Book. A broker should endeavor to secure an agency for underwriting fire insurance in some of the well-known companies. Boards of insurance underwriters govern the placing of fire insurance in large cities and real estate brokers doing business in an ordinary way oftentimes place insurance for their clients through insurance agents who make a specialty of insurance. The broker should call the attention of all of his friends and acquaintances to the fact that he places insurance and request that they favor him when in need of insurance.

Sec. 306. A veteran underwriter recommends that the amateur agent study the copy of the printed form of a policy of fire insurance, as that contains the law of the contract. Any and all persons who carefully read, study and follow the wording of the policy cannot make an error that will void the contract. In all insurance policies the words "where," "when" and "how" must be kept in view. Applying each of these words in its proper place will enable anyone of ordinary education to write up a proper contract of fire insurance. The tendency among agents in making up policy forms is to enumerate every class of goods that might come under the head of the item intended to be described. This frequently leads to results not intended. In a recent case, the Court held that a policy covering "stock of family groceries, cases, lamps, scales and other merchandise for sale," covered cases, lamps and scales not for sale, and in another case the policy covered" lumber piled in mill building, on cars, under mill sheds, and in sheds adjoining to said mill building." The court held that lumber sheds from 75 feet to 200 feet distant were "mill sheds" as described in the policy. The following are recommended as suitable forms for the several classes of property named:

Dwelling and Contents.

\$.....On the.....story.....building, including side-walks, awnings and all fixtures and appurtenances attached thereto and being part thereof, while occupied *only* as a *family* dwelling-house, situate.....and

\$.....On all furniture and household personal effects of the insured, his family and servants, not prohibited and or excepted in the printed conditions of this policy, while contained in above described dwelling-house.

Mercantile Building and Stock Form.

\$.....On the.....story.....building, including side-walks, awnings and all fixtures and appurtenances attached thereto and being a part thereof, while occupied for mercantile purposes only, situate.....

\$.....On all furniture, trade fixtures, supplies for store and office use, tools, machines and appurtenances used in the business, not kept for sale, and not excepted in the printed portion of this policy.

\$.....On all merchandise of every description kept for sale, and not excepted in the printed conditions of this policy, consisting principally of.....all and only while contained in the above described building and on and under its sidewalks.

Manufacturing Plant.

\$.....On thestory.....building, including open platforms and open scales adjoining, and all fixtures and appurtenances attached thereto and being a part thereof, other than manufacturing fixtures and appurtenances, while occupied as a.....power flour mill.

\$.....On all machinery, tools, implements, furniture, apparatus, mill and office supplies not kept for sale and not prohibited and/or excepted in the printed portion of this policy, and all fixtures and appurtenances directly connected with flour handling and manufacturing, except boilers and connections and the main power engines.

\$.....On all boilers, piping to first joint, and all appurtenances attached thereto, and main power engines, fly wheels, and engine and fly wheel shafting to first connection.

Sec. 307. A mortgagee has an insurable interest, but it is not good underwriting for Company A to write \$1,000 on the mortgagee interest and Company B to write \$1,000 on the mortgaged property. In case of a \$1,000 loss, A would pay the mortgagee and B would pay the owner. It is safer to write the policy in the name of the owner, with the loss, if any, payable to the mortgagee as his interest may appear. This rule also applies to insurable property sold on a contract for a deed, or where same is sold on the installment plan, and wherever there are two or more parties having equities in the same property.

Sec. 308. Leaving the blank for the amount of other or total insurance permitted unfilled is one of the worst features of under-

writing, as it permits unlimited insurance without regard to the value of the property or the character of the insured.

Sec. 309. The permit for other insurance as usually written is not as clear as it seems on its face. It has been held by the courts that a policy for \$2,500 with \$2,500 total concurrent insurance permitted, allowed \$2,500 additional, or \$5,000 in all. The safest form is to write: "\$2,500 total insurance permitted, including the amount of this policy."

Sec. 310. The broker should keep a correct record of each policy with full description of the property, date of policy, amount, and date when same expires and reduce the dates of expiration to a system so that such dates will be called to his attention almost automatically. Record books, especially designed for the recording of policies, are furnished by some of the insurance companies; and they also furnish all blanks that are required to be attached to policies, and blanks for reports to principal agency. A good many owners are careless in respect to renewing their insurance and rely on the agent to look after the matter for them, and if the agent fails in this regard, they think he has neglected their interests and feel aggrieved as well as alarmed that their property is not protected against loss. Besides, other agents are in the field and competition in the insurance line is keen. Vacancy permits, good for sixty days, usually form part of the policy on dwellings. Should any premises, under the charge of the agent, become vacant, he should see that a vacancy permit is attached to the policy of insurance, if no such permit is contained in the policy itself. Vacancy is regarded by insurance companies as a decided increase of hazard and agents are cautioned to be guarded in granting permits therefor. If the vacancy extends over sixty days, a two-thirds value clause permit is attached, specifying certain requirements as to the care of the property, and if these are not complied with the policy becomes void. Fire insurance underwriting, if vigorously pushed and properly looked after, is in itself a remunerative feature of the real estate broker's business.

LESSON X.

OF SUBDIVIDING.

Sec. 311. In this connection study Sections 134 to 139 of Text Book, together with Forms Nos. 87, 88 and 167.

Sec. 312. In addition to the three modes of placing subdivisions on the market, as mentioned in Sec. 134, there are at least two other ways, namely: First, by organizing a corporation, and issuing stock to the incorporators according to their respective interests, and letting them share in the expenses and participate in the earnings in proportion to their holdings of stock. In such case, all of the details of the subdivision become a matter for the directors and officers to act upon and execute. Second, by dividing the estimated expenses of the subdivision into an equal number of units and taking subscriptions for such units, as set forth in Form No. 155, payments on account of such subscriptions being made as indicated in said agreement.

Sec. 313. Where the property is placed on the market, indicated in Forms Nos. 88 or 155, a payment is made to the owner by the person or persons engineering the deal, and the owner thereupon conveys the property to a trust company or bank absolutely, and such deed is placed of record, so that the trust company or bank appears of record as the sole owner. The trust company or bank issues a declaration of trust, similar to that shown in Form No. 88, and bearing the same date as the deed, but this declaration of trust is not placed of record, for the reason that, if it were placed on record, all of the parties to it would have to join in each deed or contract for the conveyance of lots. The trust company or bank is in a safe position, as the title to the property is vested in it, and it receives and handles all of the moneys and makes partial payments on the indebtedness due the owner until such indebtedness is extinguished. The taxes, ex-

penses and commissions are also paid by the bank or trust company, the bills therefor being first O. K.'d by the beneficiary or subdivider. Form No. 155 is a plan devised by Mr. J. B. Leiser, of Los Angeles, and is designed to assure the investors in a subdivision proposition that they will receive fair and equitable treatment at the hands of the agent. A subscription agreement, such as this, ought to make it easier for an agent to induce capitalists to join him placing a tract on the market.

Sec. 314. Lots in subdivisions are usually sold on contracts (Form No. 7) which are neither acknowledged nor recorded. The contract-purchaser does not appear at all in the public records as the owner of the lot he has purchased. The contract-purchaser in such case has to depend a good deal on the integrity and financial responsibility of the subdivider, and oftentimes the latter is deeply indebted to the owner for the lots. In a recent instance, a party purchased a number of lots at \$150 each and paid cash in full for them. He sold the lots on contracts at from \$300 to \$600 each, payable one-third in cash, and the balance in six months and twelve months, with interest on the deferred payments at 7% per annum, payable semi-annually. Desiring to raise money to buy more lots, he borrowed from another party on the lots he already owned a considerable sum, giving his note therefor, secured by a deed of trust on the lots, with privilege of having any lot released from the trust deed upon the payment of \$200 in cash, this provision being inserted to enable him to make delivery of the lots to his contract purchasers as they made their last payments. He failed to pay his note, became bankrupt, and the other party became owner of the lots, and the contract-purchasers lost what they had paid for the lots. Contracts for the sale of lots should be just and equitable in their terms, both to the seller and to the buyer. Form No. 154 is an example of a loose-jointed contract, wherein the payments made are treated as so much rent, and which provides, in two instances, that the seller may, in lieu of doing what he is supposed to agree to do, return to the pur-

chaser the money paid with 6% interest thereon, and gives notice that the contract issued to the buyer is based on a prior contract between the seller and another party, leaving the buyer to draw the inference, if he is shrewd enough to do so, that if the provisions of the prior contract are not carried out by the seller, the contract with the purchaser will fail also. The purchaser rarely takes the precaution to ascertain what the provisions of such prior contract are. The profits on subdivisions, when carried on in a legitimate way, are ample enough, and the small investor should be assured that when he has paid for his lot he will receive a marketable title and fair treatment.

Sec. 315. Form No. 156 is a Sales Report to be used by the tract agent in making daily reports to the main office of sales made by him. The tract agent turns in daily to the main office one of these slips for each lot sold by him, together with the amount of the deposit thereon received by him. By means of these reports, the main office is kept advised as to lots sold, who the purchasers are, and when they will call to receive and sign contracts of sale.

Sec. 316. Payments on lot-contracts are made direct to a bank or trust company, if sold by the latter. Where the lots are sold by an individual, the lot-contracts are generally placed in a bank, and the purchasers are notified to make payments at the bank (as a matter of convenience) for the account of the seller. Lot-contracts are issued in duplicate, and the purchaser, when he makes a payment, brings his contract and has the payment endorsed on the back thereof as per form No. 157. The contract held by the bank is kept in an envelope like form No. 158.

Sec. 317. Restrictions as to the value of the building, and the distance it is to be from the front line of the lot and from the side line, and as to prohibiting the conveyance of the premises to any but members of the white race (see Forms Nos. 5 and 87) have been pretty generally adopted in respect to high-class subdivisions of late years. A good deal has been said pro and con as to

the value of building restrictions. It has been argued that these restrictions are handed down indefinitely from seller to buyer and impose needless hardship on one's liberty to do as he pleases. The tendency at the present time is to so word restrictions that they expire by limitation after a certain time, say five years. When lots in a high-grade subdivision are first placed on the market, restrictions are of value in assuring purchasers that the lots in the tract will be improved in a corresponding and uniform manner.

Sec. 318. In placing a subdivision on the market, the attractive features, such as desirability and easy access of location, water piped to every lot, cement sidewalks and curbs, graded streets, fountains, parks, and archways at the entrance of the principal streets, should be carefully thought out and executed. As soon as the tract has been surveyed, a plat of same should be made, and the tract should then be well advertised, and inducements, such as a discount, offered to early investors. An opening day should then be announced, and free transportation offered, obtainable at the town office of the tract. Interest in the tract should be worked up in every possible way, and one or more agents should be on the tract daily to show lots to intending purchasers. A quarter-page, half-page or whole page of one or more newspapers should be covered with a well-displayed advertisement of the tract. Wealthy people have their homes in courts and places where they are exclusive to some extent by reason of price as well as by entrance gates and archways, and the entrance gate and the archway are factors to be reckoned with in opening up tracts for the so-called middle classes. While the advertising and hurrah goes on, lots sell readily, as a rule, in new tracts, but the sale lags when the interest fags.

Sec. 319. Lots are sometimes auctioned off with brass-band and barbecue accompaniments. The following are extracts from a recent announcement of an auction sale of this kind:

Grand Auction Sale of Business and Residence Lots and acreage at the new townsite of BENEDICT on the new Santa

Ana Electric Railroad, 30 minutes' ride from Los Angeles. Commencing Saturday, March 17th, 1906, at 10 a. m., and continuing on following Monday if lots not all sold. Call at our offices for particulars. Lots valued at \$2,000 given away free.

We desire the ladies present. A large number of ladies always attend our sales, and they are often the shrewdest buyers. Hundreds of families are living in their own homes today, because the good wife bought a lot at our sales. We are always glad to see them, and pay especial attention to lady buyers.

We have arranged very easy terms, that will enable each and every one so desiring to buy a lot and pay for it without missing a dollar so expended. The terms will be only \$25 down on each lot, balance payable \$10 per month. An unlimited certificate of title will be furnished with each purchase free.

Remember, we make an auction sale of this Townsite in order that a large number of investors may become interested with us quickly. We expect to get value for this subdivision, because we believe that our loss now will be your gain, and because we are convinced that our present loss will be more than compensated by the enhancement in value of the lots remaining unsold. After having spent months in looking over Southern California and studying its prospects for the future, we have every reason to believe that there is not a foot of ground anywhere in Benedict but will sell, in a short time, for five to ten times the auction prices. We have the best and most healthful climate, and the most productive soil in the world. These well-known facts are yearly drawing thousands upon thousands of families from the East; and, after spending one year in our delightful climate, very few there are who will be satisfied to endure again the rigors of an eastern winter. Tell us where a man can find more to please and benefit him than in the beautiful townsite, Benedict, on the electric car line, thirty minutes' ride from Los Angeles.

Five lots worth \$2,000 given away free during the sale. The lots are given away simply as an advertisement to call the at-

tention of the general public to our tract, as we know that the distribution of these presents will attract the attention of many persons who otherwise would not attend our sales; and if they once see the desirability of our lots for residential purposes or speculation, and the low prices for which they will be sold, the public will undoubtedly purchase in our tract, instead of in some less favored localities.

Remember, no one need buy, or even bid on, a lot to receive the presents. They are given away Absolutely Free to those who attend the sale as well as to those who do purchase.

How the lots are given away: Every man and woman who attends these sales will receive a ticket free entitling them to participate in the Grand Distribution, providing they are at the sales before 1:30 p. m. Coupons will be taken up at 1:30 p. m. each day, and lots will be given away at different times until the sale is over, which will be about 4 p. m. Don't fail to come. The lots are free. No lottery. No charge.

COMPLIMENTARY: This ticket No. 15935 Entitles the bearer (if at the sale) to participate in the GRAND DISTRIBUTION of \$2,000 WORTH OF LOTS to be given away FREE at the GRAND AUCTION SALE OF LOTS AND ACREAGE at town of BENEDICT on Santa Ana Electric Line, Saturday, March 17, 1906, at 10 a. m., or at any postponement thereof. (Good for anyone over 18 years of age, whether he purchases or not.)

(Coupon)—No. 15935

Tear off this coupon and give to collector on tract. KEEP LARGE PART until drawing is over.

LESSON XI.

OF BUILDING AND WRECKING

Section 320. In this connection, study Sections 124 and 125 of Text Book, pages 115 to 132.

Sec. 321. The real estate broker should make the erection of buildings a study, so as to familiarize himself with the technical terms employed among builders, and for the purpose of learning how to build economically and attractively. A broker who does not object to frequent removals can erect a home according to the latest and more pleasing designs, paying particular attention to the decorations on the front exterior and in the interior, and after he has tastefully furnished the house and occupied it for a time, offer it for sale. He can sometimes effect the sale of his own house by first offering a customer an inferior house at about the same price, and remarking incidentally that he might sell his own place.

Sec. 322. A broker can sometimes organize a building triumvirate consisting of a banker, a lumber dealer and the broker, and these three can operate together to very good advantage, either as partners or through a corporation created for the purpose. The banker supplies the money, the lumber dealer the building materials, and the broker attends to the erection and sale of the houses.

Sec. 323. An energetic and resourceful broker can always find avenues of profit in which to direct his talents.

Sec. 324. Where a city undergoes a great change in the way of structural improvement within a short time, or where fire, earthquake or tornado leave structures in a dilapidated condition, the removal or razing of old buildings to make room for new ones becomes a business of itself—the business of wrecking, and is carried on by men or corporations known as “wreckers.” Stately

piles that were once pointed to with pride by the early inhabitants are razed to the ground without exciting more than a passing comment from the bustling humanity of our later days. There is method in the seeming madness of the wrecker, and the wrecking of buildings has grown of itself into an important industry. The process of demolition is not, however, a simple one by any means. Every brick and stone must be preserved; every board or piece of timber must be carefully laid aside; every iron brace, and iron and lead piping, the tin from the roof and the window glass must be saved. These all have a value and many new buildings are partly constructed out of the material saved by the wrecker. In the event the wrecker is also in the building or lumber business, as is often the case, he can himself utilize the dismantled material to good advantage. When the wrecker is asked to make a bid for the demolition of a building, he first goes carefully over the entire structure for the purpose of ascertaining how much of the material may be saved and used again; he makes notes as to the construction of the building and estimates as to the quantity of lumber, brick, stone, sash, doors, iron and lead piping, windows and window glass and of everything he calls "salvage." From these notes and estimates he figures out what the cost of razing the building will be, and in nine cases out of ten, he makes the owner an offer for the building outright, as it stands. In any building that is demolished, there is considerable waste, and only an expert can tell what will be realized from the salvage. The man in charge of the job has prices on all of the salvage material and he sells as much of it as possible on the ground. The portion not sold is removed to the wrecker's yards. In most cases the destruction commences at the roof and proceeds downward, for the purpose of saving material; but where the material is of little value, the foundations are jerked out and the structure allowed to collapse.

LESSON XII.

OF SPECULATING AND SYNDICATING.

In this connection, study first "How and Where to Buy," Secs. 35 to 60, inclusive, pages 15 to 30, inclusive, of Text Book. Also "Booms and Panics," Secs. 158 to 163, inclusive, pages 202 to 208 of Text Book. Persons who desire to pursue the subject of City investments further than explained in this course, should procure a copy of "Principles of City Land Values," by Richard M. Hurd.

Sec. 324. The laws of speculation are not well understood; in fact, they may be considered as not well established.

Sec. 325. There is a wide and essential difference between merchandising and speculation, although these two things are apt to be confounded together in theory and practice. A merchant or storekeeper has customers upon whom he must always be ready to attend, and he depends upon small but regular gains. A speculator has no customers and he relies on sudden and eccentric enrichment.

Sec. 326. To the successful speculator, three things are essential—time, capital and courage, and these three are of little value without a fourth, and that is judgment. As shown in Section 36, page 15, of Text Book, judgment is that faculty of the mind which, more than any other, distinguishes one man from another. The successive mental states through which the mind passes in arriving at judgment are set forth in the following section.

Sec. 327. (a) Judging involves materials for judgment ready to hand, and a process of reflecting on these, in order to see to what result they point. The materials are supplied by personal experience or by the words or testimony of others. Judgment rests largely on one's own experience and cannot be accurately exercised until the mind has long been storing up materials for it by unbiased observation and reflection.

(b) To come to a sound decision on a matter of any difficulty, such as the prospective value of a parcel of real estate, implies that the mind rejects what is irrelevant, steadily keeps in view all the relevant facts, and weighs well the bearing of each fact on the case.

(c) Judgment, to be perfect, must be clear and accurate, and be exercised with reasonable promptness. Judgments formed under the influence of strong emotion are in general characterized by vagueness and exaggeration. One must not passively adopt the views of others without seeking to make them his own by personal observation and reflection.

(d) An accurate judgment is one which corresponds precisely to the realities presented and which faithfully expresses the relation of things.

(e) A certain degree of promptness in decision is a condition of a good faculty of judging. A mind drawn hither and thither by conflicting tendencies, and unable to master these, is weak in judgment. (Sully.)

(f) It will be observed that men of good judgment usually decide promptly after coming into possession of all the facts.

(g) A man's judgment concerning real estate may be excellent and yet be suspended or be not exercised, for any one of these reasons:

- (1) Because of being completely occupied with other matters;
- (2) Because of unpreparedness; i. e., the lack, at the time, of funds with which to take advantage of the opportunity;
- (3) Because of prejudice; that is, an unwarranted dislike to a certain locality.

Sec. 328. All speculation has reference to a future and the question of time is always involved. Results are hardly ever immediate; time is required in which to bring about changed conditions. A speculator must have some capital, or at least a small portion of capital and a large portion of credit, or the co-operation of those who have both capital and credit. The specu-

lator must have nerve and confidence; he must not keep the nickel so close to his eye that he cannot see the dollar beyond.

Sec. 329. A merchant must be active; a speculator must be patient. Ordinarily, a speculator can only be watchful and bide his time, as the changes which are about to occur and from which he anticipates good fortune may be entirely beyond his control, and may be happening thousands of miles distant. In real estate speculation, however, these changes are confined to a circumscribed area and their speed may be accelerated by "booming" and advertising on the part of the speculator. There is a proper time to buy and a proper time to sell, and decisive action must be taken before the turn of the tide.

Sec. 330. In speculating in a commodity, such as wheat or cotton, the speculator studies statistics, and takes note of great political and commercial changes. After he has ascertained the average price for a number of years on a particular commodity, exclusive of extreme cases, he buys when the price has fallen below that average.

Sec. 331. Speculation is an exception in business, arising out of derangements of trade, or out of the impossibility, or seeming impossibility, of adjusting the supply to the demand. Speculation has a tendency to readjust trade, as, when prices are low, every purchase that is made has a tendency to raise the price. Trade is steady and uniform and can be carried on at all times; speculation can be conducted only occasionally and when opportunity offers. Trade is certain; speculation unstable.

Sec. 332. Let it be understood that speculation may be directed to any property or article which is, or is likely to be, plentiful or scarce, or may be directed to a variety of properties or articles, so that the speculator may have under way at one time the beginning of one speculation by purchase and the ending of another speculation by sale, and the irregularity which is one of the characteristics of speculation can in this way be turned into regularity. As considerable time is required to mature any one

speculation, the wise speculator does not invest all of his disposable means in any one venture, but in several ventures, at various times, so that they are in different stages, some commencing, others terminating. He thus reduces speculation to the nature of a regular trade and makes it more uniform and safe. In real estate speculation, this uniformity is in a measure secured by taking options, but these are only of value when there is great activity and they must be taken before prices rise too high.

Sec. 333. To buy when prices are low, and to sell when prices are high, is most consistent with reason; but the temptation is to speculate in high prices with the expectation of their rising still higher. While there is often large gains in speculating at high prices, there is also great risk, and the property or article must be disposed of speedily. The last purchaser will be unable to sell or must sell at a loss.

Sec. 334. The speculator has little to fear from competition, for "he who has the folly of mankind for an inheritance has a plentiful estate." The great object of speculation is to substitute sagacity for toil and foresight for stupidity, and there are only a few men who are fitted by nature and training for the role of the speculator.

Sec. 335. (Part of the foregoing is adapted from a paper by a merchant of Boston, quoted in Freedley's Treatise on Business.)

Sec. 336. The word speculation, as generally used, means the investing of money at the risk of loss, on a chance of unusual gain, and is characterized by a strenuous endeavor to penetrate the riddle of chance and to discover some clew by which to read the future. An absolute distinction cannot be made between speculation and gambling, although the latter has only the evils and none of the virtues of speculation. Gambling throws patient industry to the winds, fascinates those who engage in it by an unending series of shallow uncertainties and thoughtless surprises fit to tickle the feeble wits of savages and degenerate types of the human family.

Sec. 337. The speculator rarely realizes the full extent of his anticipations. The future is uncertain, and his beliefs in regard to what it holds in store for him are likely to be formed according to his most favorable desires. The most brilliant good fortune which may result from the operations of a speculator generally fall below his anticipations, when the operations are reduced to figures. It appears that the imagination gets, as it were, diseased by feeding on the contemplation of very rapid gains; and that whatever may be the reality of a hypothetical gain, the mind gets bewildered and fails to estimate, as an element of loss, the surrounding husks in which the fruit is enclosed. (Jones' Economic Crises, and Cramp's Theory of Stock Exchange Speculation.)

Sec. 338. The four chief causes contributing to the present prevailing mania for riches are set down by Prof. Taussig as the following: Love of comfort, desire for distinction, the impulse to continue in active life, and the passion for power.

Sec. 339. Some one may inquire: "What is value, and how am I to get acquainted with 'good values?'" Value is the desirability, worth or utility of anything. The president of a bank, when asked by a young clerk how to distinguish bad bills from good ones, said: "Get acquainted with good bills and you will recognize the bad ones at sight." And so the investor, in buying, should study what elements constitute good values and he will instinctively avoid bad values. A person who is termed a shrewd buyer is one who really knows values—whose buying instinct or ability has been developed by a careful study of the real estate market.

Sec. 340. There is no better investment than real property in growing cities. The arguments in favor of business property as an investment are well set forth in a booklet issued by the Trustee Company of Los Angeles, as follows: The best investment should possess the following elements, viz:

1. It should be safe.
2. It should have a satisfactory earning power.

3. It should have an increasing value.
4. It should not be subject to depreciation in earning power.
5. It should be easily convertible into cash.
6. It should be free from care and expense.

Every investment should be tested in the light of the above elements, to determine whether or not it is the best. No investment possesses so many of these elements as business property, because:

1. In a growing city, investments in centrally located business property are absolutely safe.

2. The earning power is larger than in any other safe investment.

3. There is a very large increasing value in business property.

4. Well located business property, properly improved, in a live city, is not subject to depreciation. Any depreciation of permanent buildings is small, and is more than balanced by the large appreciation of the ground value. In such investments the earning power increases yearly.

5. In large cities there is a standard of values in the business section, which enables an owner to convert business property into cash at its reasonable market value. However, it requires a considerable length of time to find a purchaser, on account of the magnitude of such transactions and the large amount of capital required to handle them.

6. Business property is subject to the usual care, trouble and expense incident to the management of all real property, in dealing with tenants, paying taxes, providing insurance, making repairs, etc.

Sec. 341. To enable an investor, whether his capital be large or small, to invest in business property, a new method has been devised whereby a corporation purchases a piece of business property, improves it, leases it, and divides the cost of the ground and building into a definite number of units, which are represented by an equal number of certified investment bonds. These bonds

are secured by a deed of trust on the property, and the owners of the bonds receive interest on their investment at the rate of say 5 per cent per annum, payable quarterly or semi-annually, and also two-thirds of the surplus net earnings, the remaining one-third of the net surplus being retained by the company as compensation for its services in caring for the property. These investment bonds are not subject to taxation, and can be registered, transferred at will, and used as collateral security. The company assumes all care and trouble incident to the management of the property.

Sec. 342. Syndicating properties, as the phrase is commonly understood with reference to real estate deals, is done by agents obtaining options for a certain length of time on certain properties and then unloading such properties at a higher figure, before the options expire, on to an aggregation of individuals called a syndicate. Agents work the syndicate proposition in this way: Having secured options from some of their friends, probably without consideration, on property in a district in which great improvements in the building line are to be made by somebody in the near future, they go to others of their acquaintance who are inclined to speculate in real estate, and state that they are forming a syndicate to take over the properties at a certain figure (generally at a price that will allow the agent a handsome commission) and descant on the profits that can be made when the proposed improvements materialize. This might be very well if the agents would make and maintain the same price to all of the members of the proposed syndicate; but unfortunately, like a stock proposition, there are ground-floor, basement and sub-basement prices, and the man who has the hardest head and the most money gets the sub-basement price, and the fellow with the least money gets the ground-floor price, and he is told that he is getting a good run (but not to the sub-basement) for his money. Eventually, the man who doesn't get the "square deal" finds it out, and he has less faith than ever in human nature and none at all in syndicates.

Sec. 343. Usually, there are half a dozen or more persons in the syndicate, and it is not feasible to take the title to the syndicate properties in the names of all of them; neither is it advisable to have the properties conveyed to a third person in trust for the members of the syndicate; the best plan is to have the properties conveyed at once to a trust corporation, authorized to execute trusts of the kind, by a deed to be executed by the owners, and which will show that the properties are conveyed in trust to the trust company for the syndicate, naming them. The trust company then issues a written instrument, over its name and seal, to each of the members of the syndicate, setting forth the terms on which the trust is held. Generally, the syndicate members agree upon the minimum price at which they will sell, and this is inserted in the last-named instrument. If an individual held the properties as trustee, and should die or become incapacitated, or if one of the members of the syndicate should die, the properties might become so tied up that they could not be handled to advantage within the time in which it was desired to dispose of them. Every member of a syndicate should insist that these matters be all worked out correctly from a legal standpoint and that the papers are ready for execution before he puts up his money. Some suggestions in this regard may be found in Form No. 155, wherein provision is made for a syndicate to take over options and place a tract on the market. The executive committee therein provided for places a check on the dictatorial and sometimes unprofitable management of the undertaking by one individual.

Sec. 344. Oftentimes another syndicate is formed to purchase the properties of the first syndicate at a considerable advance. Where fancy profits are thus made by one set of men at the expense of another, there is great danger that properties will be forced to a price far beyond their real value, and the last purchasers will have to charge a part of the purchase price to unwarranted enthusiasm, and simply wait until the march of events restores the properties to their true value. Whenever any property

has reached a price where, if improved, it will not return the owner a fair rate of interest on the amount invested, it has an inflated value.

Sec. 345. Syndicates operating in large cities and offering to the public investment certificates or bonds based on land and buildings owned or controlled by such syndicates, are in reality borrowing money from the public for the carrying on of their business, the control and management of the business being entirely in the hands of the syndicate.

LESSON XIII.

OF LOANS, MORTGAGES AND TAXES.

Section 346. Study, first, Section 93 to 108, inclusive, and accompanying forms, pages 75 to 95, inclusive, of Text Book; also Section 123, pages 102 to 105, inclusive.

Sec. 347. Loans are of two kinds, flat and installment. A flat loan is made for a certain term with the entire principal repayable in one sum. Installment loans are payable at a certain sum per month or quarter, both principal and interest, for a certain time which will discharge both principal and interest. Installment loans are an accommodation to borrowers with limited but regular salaries, and to whom the accumulation of a large sum to pay a flat loan at maturity would be out of the question. Interest on installment payments may be figured in several ways, and the two following examples illustrate the yearly, and the monthly, method.

(a) Yearly Method. A house and lot are sold for say \$4,500, with a cash payment of \$450. (10%), the remainder of \$4,050 to be paid at the rate of \$45 per month, aggregating \$540 per annum. The interest on \$4,050 at 6% amounts to \$243 per year, and this, deducted from the payment of \$540, leaves \$297 to be applied on the principal, which is thereby reduced to \$3,753, and this amount constitutes the principal on which interest is figured for the second year, and so on.

(b) Monthly Method. House and lot are sold for \$4,500, as above, with a cash payment of \$450, leaving a balance of \$4,050. Monthly payments, \$45 each; interest at 6% for one month on \$4,050 amounts to \$20.25; this latter deducted from the monthly payment, leaves \$24.75 to be applied to reducing the principal, leaving \$4,025.25 as the principal for the next month; interest on same for one month at 6% equals \$20.13; this latter, deducted

from \$45, leaves \$24.87 to be applied to reduction of principal, and so on. The latter plan is more in favor of the purchaser than the yearly method, as, by the monthly method, he receives full benefit of interest upon his monthly installments as paid, and, where the installments cover a number of years, the saving in interest by the monthly-credit method is considerable. Persons or corporations doing an extensive installment business should be provided with tables of compound interest and annuities, and in some instances it is necessary to resort to the use of logarithms, in order to work a ready solution of problems relating to the number of equal monthly installments necessary to liquidate a given principal, with interest credited at stated intervals, and excess interest applied to reduction of principal, as above set forth.

Sec. 348. Where the rebate agreement is given in connection with a flat loan, as explained in Section 123, the borrower pays the interest at the net rate; thus, if the rate in the note calls for 9 per cent, and rebate agreement is given for 3 per cent, the borrower calculates and pays his interest at 6 per cent, and pays the taxes on the equity of both mortgagor and mortgagee. The laws of California are peculiar in this regard.

Sec. 349. In every community there are people who have mortgages soon to mature, or who wish to negotiate loans for erecting buildings and other purposes, and they naturally go to the real estate broker to assist them in obtaining money. The man who wants a loan generally is in urgent need of it, and no great effort is required in order to do business with him. Brokers who make a business of obtaining loans extensively have printed application blanks similar to Form No. 27, and all savings banks and building and loan associations have such blanks. These blanks place the matter of the loan before the lender in shape to enable him to act upon it intelligently. In Sections 96 and 97 of the Text Book the procedure in obtaining a loan from a savings bank or building and loan association is outlined, and the real estate broker should follow a similar course in obtaining a loan

from a private individual, and he should particularly protect the lender in the matter of seeing that all of the papers (mortgage, promissory note, or trust deed and promissory note, and abstract of title or certificate of title) are in proper legal form and sufficient in every respect.

Sec. 350. The best plan in every instance, even in the case of individuals, is for the broker to have the money passed through an escrow, either with a title company or with a bank. The lender deposits his money with the escrow-holder, with instructions that it be paid over to the borrower after the mortgage has been executed and filed for record, and after the certificate has been brought down, showing the title to the premises vested in the borrower, free and clear of incumbrances, except the mortgage and possibly taxes assessed but not paid. The lender and the broker, or the broker in behalf of the lender, examine the papers and see that everything is in proper shape before the money is paid to the borrower.

Sec. 351. The loans made by savings banks and building and loan associations are, as a rule, first liens on the premises, and the broker should have it distinctly understood by all the parties, in the case of individuals, that the loan is to be a first lien, unless, as sometimes happens, a second mortgage is what is to be given. Where a party accepts a second mortgage, he generally intends to hold it, as there is difficulty in negotiating it.

Sec. 352. When an application for a loan is presented, the broker should examine the property, unless he is already familiar with it, and pass judgment upon it. If there is anything connected with the transaction that, in the opinion of the broker, would cause the application for a loan to be rejected, the broker will do well to dismiss the matter entirely, as if he presented such an application to the lender, particularly if it be a bank, the lender may form an unfavorable opinion of his business ability and it will be more difficult for him to obtain other loans which are desirable. The broker should ascertain from an applicant for a loan whether

or not such applicant has already applied to a bank or elsewhere for the loan; as otherwise, the broker may be wasting energy in going over the same ground. The broker's commission for obtaining a loan is usually 1 per cent of the amount of the loan, payable at the time the loan is granted.

Sec. 353. If the broker wishes to ascertain who has money, he should advertise in the "Want" columns of the newspapers, and he can do so at first from a box number, as some people who have money will not answer advertisements by brokers new to the business. After the broker has become well established and has built up a reputation for clear-cut and reliable business methods, he can advertise directly from his office with good effect.

Sec. 354. Oftentimes a broker can facilitate a sale by securing a loan on either real property or personal property for one or the other of the parties to the deal.

Sec. 355. Loans on personal property are secured by chattel mortgages (form No. 141). The property remains in the possession of the mortgagor. In some cases, where the personal property, such as jewelry, typewriters, etc., are loaned on, the property is given into the possession of the lender, and an agreement of conditional sale is used (Form No. 92). Any personal property which is capable of being sold or assigned, may be mortgaged, even if such property has only a prospective existence, such as a growing crop. The foregoing is the general rule, but in California the personal property which can be mortgaged is enumerated in Section 2955 of the Civil Code.

Sec. 356. A mortgage of a vessel flying the United States flag must be recorded in the office of the Collector of Customs where such vessel is registered or enrolled.

Sec. 357. See (6) page 80 of Text Book, as to execution of personal property mortgages in California.

Sec. 358. A mortgagee of personal property, when the debt to secure which the mortgage was executed becomes due, may fore-

close the mortgagor's right of redemption by a sale of the property in the manner and upon giving the notice required by law.

Sec. 359. Personal property which is mortgaged may be attached, in California, at a suit of the creditor of the mortgagor, but before taking the property the officer must tender to the mortgagee the amount of the mortgage debt and interest, or must deposit the amount thereof with the County Clerk or Treasurer, payable to the order of the mortgagee.

LESSON XIV.

OF LEARNING HOW TO SAVE.

Study Sections 22 to 34, inclusive, of Text Book, pages 11 to 14, inclusive.

LESSON XV.

OF INCORPORATING AND PROMOTING.

Sec. 360. A corporation is an artificial person created by a number of natural persons complying with the laws of some State or Territory in respect to incorporation. A corporation organized by persons residing in California to do business in that State is called a "domestic" corporation, and a corporation organized under the laws of some other State, such as New Jersey, to do business in California, is called a "foreign" corporation. The laws of the several States differ with regard to incorporating, and the laws most favorable to corporations are those of New Jersey, Delaware, West Virginia, South Dakota, Arizona and Nevada.

Sec. 361. In a partnership, each partner is liable for the entire debts of the firm, and each partner may contract debts in the name of the firm, and the death, incapacity or withdrawal of a partner terminates the partnership. By incorporating, the following advantages over partnership are secured: The liability of a stockholder is limited. In California, for instance, each stockholder in a domestic incorporation is liable for such portion of the debts and liabilities of the corporation contracted or incurred during the time he was a stockholder as the amount of his stock or shares bears to the whole of the subscribed capital stock of the corporation, and the liability of the stockholder in a foreign corporation, doing business in California, is the same as that of a stockholder of a domestic corporation. By incorporating, continuity of existence is secured. Each of the stockholders of the corporation may sell his shares to other persons, who will be substituted in the places of the original stockholders, and the life of the corporation will not be affected. The property,

assets, good will and prestige of the business belong to the corporation, and not to its component parts, the stockholders. A corporation is conducted, managed and controlled by a Board of Directors, and the combined wisdom and counsel of three or more persons are thus secured. By incorporating, greater undertakings may be exploited, as the capital therefor may be more easily obtained by means of sale of stock and bonds. Furthermore, the interests of the several stockholders are evidenced by certificates of stock, which can be passed from hand to hand by endorsement and delivery and be used as collateral security in borrowing money.

Sec. 362. In creating a corporation, the incorporators execute and file an instrument called "Articles of Incorporation," or "Articles of Association." These articles provide for the name of the corporation, the purposes for which it is created, how long it is to continue, the principal place of business, the names and residences of the Directors chosen for the first year, the amount of the capital stock, the par value and number of shares into which it is divided, and the amount actually subscribed, and by whom. Blank printed forms of Articles of Association may be obtained from leading stationers, but the purposes for which the Association is created will ordinarily have to be drafted by the incorporators themselves, or their attorney. The following is a suitable form for the purposes of a real estate company, and, with some slight variations, will answer as well for a hotel company, a land and improvement company, or an investment company, namely:

(1) To buy, purchase, lease, exchange or otherwise acquire real or personal property, and to own, hold, sell, lease, rent, encumber by mortgage or deed of trust, or otherwise deal in, utilize or dispose of real and personal property, and rights and interests in any such property; also to acquire, improve, construct, build, own, operate and maintain, lease and sell dwelling houses, apartment houses, business blocks, store rooms and other

structures and improvements; also to maintain and conduct a general real estate agency and brokerage business, and to act as agent, broker or attorney-in-fact for any person or corporation, and to do any and all things incidental or auxiliary thereto, and to the same extent that a natural person might or could do in and about said business.

(2) To subscribe for, purchase or otherwise acquire, and to own, hold, sell, hypothecate and dispose of shares of the capital stock or bonds or other securities or obligations of any person or corporation, and, while such owner, to exercise all the rights and powers incidental thereto, including the right to vote thereon.

(3) To do all and every thing necessary, suitable or proper for the accomplishment of the foregoing purposes or which the Board of Directors of the corporation may, from time to time, deem to be conducive or expedient for the protection or benefit of the corporation.

Sec. 363. The bonded indebtedness which a corporation can create must not exceed its capital stock, and such indebtedness is secured by deed of trust, executed to the corporation, called the "Trustor," in favor of a trust company, called the "Trustee," and thereby certain property, in said deed described, and also all property thereafter acquired by the trustor corporation, are conveyed in trust for the pro rata benefit or security of each and every person or corporation that then or thereafter may become the owner or holder of the bonds secured by the deed of trust. The bonds are issued in various denominations, those of \$500 and \$1,000 each being the most popular, and run for terms ranging from ten years to thirty years. Form No. 138 is an excellent model of a five per cent., sinking fund, 20-year gold bond. The interest is evidenced by coupons attached to the bonds, and, in case of the bond just mentioned, there are forty such coupons, each for \$25.00, payable semi-annually for twenty years, amounting in all to \$1,000. Bonds which are to be listed

on New York Stock Exchange must be steel engraved, and the cost of engraving on steel and issuing one thousand bonds will average \$1.25 per bond. Lithographed bonds cost much less. In issuing bonds, all of the prerequisite steps and proceedings, acts and things essential to the proper, due and legal authorization of the bonds and deed of trust, must be taken by the proper bodies, officers and persons in due and proper form, time and manner.

Sec. 364. A deed of trust must provide for the various contingencies that may arise while the trust continues, and is of necessity a lengthy instrument. It is customary to print the deed of trust, and sometimes a printed copy is executed and recorded. Where personal property is also conveyed by a deed of trust, the instrument has to be recorded in three books—in the Book of Deeds of Trust, Book of Mortgages, and Book of Chattel Mortgages—in each county where the property is situated. Printed copies of the deed of trust and sample bonds are furnished to brokers and bond buyers. The initial expenses for attorney's fees, lithographing or engraving of bonds, premium on policies of title insurance, printing and recording of deed of trust, etc., are considerable. The bonds become of value only after they have been certified by the Trustee.

Sec. 365. A sinking fund is created in this way: The deed of trust contains a provision whereby the Trustor, or corporation issuing the bonds, agrees to pay the Trustee, say five years after the date of the deed, a sum which will be equivalent to five per cent., par value, of the amount of the bonds then certified and outstanding. In lieu of cash, payment for the sinking fund may be made to the Trustee by the Trustor delivering its own bonds, or such other securities as may be approved by Trustee, at their face value. The sinking fund is specially applied to the redemption of the bonds secured by the deed of trust, on or before their maturity. In case payment is made in cash, the Trustee must advertise, inviting for bids for the sale to it of a sufficient amount of

the bonds as shall be necessary to the investment of the sinking fund money then in its hands, at a price not higher than a four per cent. basis. If no offers are received, the Trustee may buy the bonds in the open market on the same basis; but if no bonds can be obtained, then the sinking fund payment must be invested by the Trustee in securities satisfactory to the Board of Directors of the Trustor, and all income from such securities must also be reinvested as a part of the sinking fund, and such sinking fund must be applied to the purchase of bonds whenever they may be obtained at not exceeding a four per cent. basis. As purchased, the bonds and coupons are cancelled by the Trustee.

Sec. 366. A prospector is an individual of solitary tendencies who roams the hills in search of hidden treasure. When he finds good indications of the metal he is seeking, he stakes out one or more mining claims; and digs holes at several points to discover the width and extent of the ore. This is a prospect; some people call it a mine; but large sums of money must be expended in development work and for machinery before a prospect becomes a remunerative mine.

Sec. 367. A promotor has a sanguine temperament, a brilliant imagination, a copious flow of language, and no money. He is generally of a portly build, an epicure as to tastes, correct as to attire, and can behold sky-scrapers where others can see only three-story blocks. The rough-and-ready prospector desires to have his prospect developed, and the promotor is always in touch with capital—at least he says he is—and so the prospector and the promotor come to a ready understanding. Wise legislators, knowing the inherent human weakness to overstate things, have passed laws, in some of the States, making it a felony for any director, officer or agent of a corporation to knowingly concur in making, publishing or posting any written report, exhibit or statement, prospectus or account of the operations, values, business, profits, expenditures or prospects containing any material statement which is false or which has a tendency to produce or

give to the stock or shares of the corporation a greater or a less apparent or market value than they really possess.

Sec. 368. Nearly every mining corporation created has an authorized capital stock of at least \$1,000,000, divided into one million shares of the par value of \$1 each, so that the parties who purchase the stock will think they are receiving a good many shares for their money. The prospector generally receives one-fourth of the shares, in consideration of his transferring his prospect or "mine" to the Company; the promoter receives one-half of the shares for his services, and the remaining one-fourth are not issued, and are called "Treasury stock." As the promoter has no money, he gets a few of his friends, who have some money, to advance enough to pay incorporation fees, in consideration whereof they are made directors and are given some of the promoter's stock. The treasury stock is then offered to the public in one of two ways—for cash, or on installments, as per Forms Nos. 139 and 140. Two hundred and fifty thousand shares at five cents per share amounts to \$12,500; whereas, to convert the right kind of a prospect into a paying mine requires sums ranging from \$25,000 to \$100,000. As a mining expert has said: "It is necessary for one to investigate closely the reliability and competency of the men behind the enterprise when stock is offered for sale, and where and how the stock is distributed, for what consideration issued, how the value is determined, and how much will be required to 'make it pay.' In other words, if it's a \$100,000 enterprise, and stock is selling for two cents a share, and provision is made for only \$8,000, you might as well throw your money away as to invest in such an enterprise. Under the best of management, all losses cannot be eliminated, for mining is a business requiring the highest degree of technical skill, including a thorough knowledge of metallurgy, chemistry, mechanics, civil engineering, assaying, and executive ability and integrity."

Sec. 369. The promoting of corporations designed to render service to the public, such as telephone, gas, water and electric light companies, is profitable and may sometimes be financed without the investment of much actual money. Such a company issues bonds, and in order to enlist the co-operation of bankers, offers them the bonds at a discount, and gives gratis to the banker a certain number of shares of stock with each bond he purchases. Sometimes the banker does not buy the bonds outright at first, but loans money on them as collateral security, and the company is thus enabled to install its plant. After the company has begun to pay dividends, there is a demand for the stock, and the banker can sell his at so much clear profit. The bonds also advance in value until they reach par or above. Such a corporation, after having obtained valuable franchises from some city or county and installed an expensive plant, holds a virtual monopoly of the particular service it is rendering, as none but a formidable competitor can enter the field against it.

LESSON XVI.

OF BOOKKEEPING FOR THE REAL ESTATE OFFICE.

Sec. 370. Bookkeeping in a small business is ordinarily not well conducted, for two reasons: First, the proprietor does not understand the principles of double-entry sufficiently well to put them into practice; and second, his time is so much occupied with other matters that he cannot give the requisite attention to keeping accounts as they should be kept. In a small real estate business personal accounts are kept as a rule by single entry; a ledger title, such as John Smith, being credited with the rents collected and debited with water rates, commissions, etc., and with the remainder when paid in cash, thus balancing the account to a certain date.

Sec. 371. It is assumed that the student has some knowledge of the elementary principles of bookkeeping and knows that assets are things belonging to a person or corporation, and that liabilities are debts owing to others by such person or corporation.

Sec. 372. The moneys expended in carrying on a business are laid out for two purposes: First, to acquire additional property, which, in the judgment of the proprietor, is necessary to the success of the business, and such expenditures on the books of account are termed "Investment Accounts;" and second, to procure things of no permanent value, such as office rent, clerk hire, etc., and such expenditures on said books are termed "Expense Accounts." Thus, the owner of the "Dennison Block" would have on his books, if properly kept, two or three accounts relating to that parcel of property, viz.: (1) "Dennison Block," a debit account, representing the first cost of the ground and building, and subsequent additions thereto. In entering this item in the ledger, a value should be placed on the land and a value

on the building, and so entered in the ledger, the two amounts constituting the total cost.

(2) "Dennison Block Expense," a debit account, representing use and services, such as cost of elevator service, water rent, light, heat and supervision.

(3) "Dennison Block Earnings," a credit account, representing rentals received and other earnings, such as money coming in for steam furnished to an adjoining building, etc. These last two accounts could be included in one account, to be known as "Dennison Block Earnings and Expenses."

Sec. 373. In order that the expenditures may be properly segregated, it is necessary to consider the nature of these two accounts:

(1) Improvements or betterments are those additions to property which permanently increase its value or earning capacity; while

(2) Repairs serve merely to maintain property in a certain state of preservation or prevent it from falling into decay. The cost of adding to a building a room which will increase the rentals, would be an investment; but the changing of the construction of a room, without any increase in earning capacity, would be an expense. In both cases, the total cost would be composed of minor items of labor and materials. In most works on book-keeping the distinction between Investment Accounts and Expense Accounts is not explained at all, and many bookkeepers do not recognize this distinction nor understand how to properly segregate the expenditures above mentioned.

Sec. 374. If all the rooms in the "Dennison Block" were rented to persons other than the owner, he naturally would credit all the rents to one account. If he occupied one room, he might overlook crediting rent account with the rent of that room and debiting same to his own expense account. If he did not do so, however, rent account would not receive credit for the full rental of the building.

Sec. 375. To elucidate the matter further: Let us suppose that the Dennison Building cost for the land, \$3,500, and for the building, \$6,500, a total of \$10,000, and that the rentals for one year amounted to \$1,500 and the expenses to \$500. The net earnings for the year (nothing written off for depreciation) would be \$1,000; dividing this by 1 per cent. of \$10,000, or \$100, gives 10 per cent as the rate per cent of earnings for the year. It will readily be seen that if the book-keeper had charged to Investment any item which should have been charged to Expense, or vice versa, no accurate results would be reached. Another object in always treating similar items in like manner is to enable the proprietor to make correct comparisons of one period of time with another, as shown by accurate statements for each of such periods.

Sec. 376. For a small business, or indeed one of considerable magnitude, columner books and the voucher system are the simplest and the best. See Forms Nos. 162, 163 and 164. Columner books provide a means of checking an aggregate of debits against an aggregate of credits, as the work progresses; lessen the number of postings in a marked degree, and thereby the liability to errors; and, where provision is made for cash columns, admit of the complete entry of any transaction being made at one time in one book, instead of at different times in two books. Columner books, with debit and credit columns together (not with debit columns on one side and credit columns on the other, as shown in form No. 164), may be obtained from stationers. In the Cash-book Journal (Form 164), accounts for which no columns are provided are entered in "Sundry Columns" and posted from there. This book can be used either with or without vouchers. No accounts are kept with parties from whom purchases are made. Where vouchers are used, the bills for purchases are inserted inside the voucher, which is then O. K.'d by the person making the purchase, and, after the extensions are verified, the voucher is entered in the Cash-book Journal, debited to the accounts to

be charged and credited to Voucher Account. When paid, a debit therefor is made to Voucher Account and a credit to Cash. The entered, unpaid, vouchers on hand at any time should agree with the balance of the voucher account. The vouchers secure uniformity in size for filing as well as uniformity in treatment, and are numbered and filed from one upward. In the case of pay-rolls, one voucher is sufficient, with as many receipts within as there are names on the payroll. The check numbers and the voucher numbers will not correspond. The vouchers are indexed for ready reference. In the Cash-book Journal (Form 164) all of the debits are on one page, the credits on the other, and more debit columns are provided for than credits, as the former exceed the latter.

Sec. 377. All monies received should be deposited in bank, and all payments made by check. A day should be fixed—say about the tenth of each month—on which to pay all bills of the preceding calendar month.

Sec. 378. A balance sheet is a statement of financial exhibits, showing, in compact form, the resources and liabilities and gains and losses of a business. Form No. 165 is both a condensed trial balance and a balance sheet. In any business, to ascertain the true loss and gain, an inventory must be taken, and so, in the real estate business, any real or personal property should be re-valued at least once a year and entered on the books to account for increment or depreciation. A trial balance should be taken once a month and a balance sheet made therefrom. The difference between the resource and liability columns shows the present worth or insolvency of the business, and the difference between the gain and loss columns the net loss or gain. The difference between the present worth and the net investment, on closing the books, also shows net gain or loss. The net gain, if added to, or the net loss, if subtracted from, the net investment, on closing, will show the present worth.

Real Estate Business

Self-Taught

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FORMS

FORM NO. 100—APPLICATION TO GOVERNOR FOR APPOINTMENT AS NOTARY PUBLIC.

Hon. George C. Pardee,
Governor of the State of California,
Sacramento, Cal.

SIR: I hereby make application for appointment as Notary Public in and for the County of Los Angeles, State of California. I am a citizen of United States over 21 years of age, and would respectfully refer you to the following well-known citizens of Los Angeles, Cal., as to my fitness for office, character and integrity, namely: S. W. Lukens, President of the American National Bank; Hon. D. J. Williams, Judge of the Superior Court, Department No. 2, and James L. Smith, President of the Eldorado Mining Company.

Respectfully yours,
GEORGE W. BROWN.

No. 132 South Broadway,
Los Angeles, Cal.

FORM NO. 101—LETTER TO CUSTOMERS UPON OPENING OFFICE.

DEAR SIR: I beg leave to advise you that I have recently opened a real estate office at No. 23 Mercantile Place, this city. Inasmuch as I have just completed a course in Real Estate, and have secured an appointment as Notary Public, I feel warranted in stating that any business in the real estate line intrusted to my care will receive intelligent attention, and I assure you that same will be promptly and efficiently executed. I also write fire insurance in behalf of several of the most responsible fire insurance companies in the world. Kindly bear in mind my name and address (which, for more convenient reference, you will find on the enclosed business card), and whenever you desire the services of a Notary, wish to insure your premises, or desire to buy or sell real estate, please favor me with a call, and greatly oblige.

Yours truly,

FORM NO. 102—ANNUAL LETTER TO CUSTOMERS.

FEDERAL REALTY CO.,

REAL ESTATE AND INSURANCE,
STOCKS AND BONDS.

LOS ANGELES, CAL., January 2, 1906.

Geo. M. Jones, Esq.,
Los Angeles, Cal.

DEAR SIR: This personal letter is intended to touch upon a question of vital importance, and one which demands your serious consideration—the investment of your capital and surplus income.

We have spent many years in this community, dealing in the highest grades of investments, and in making a study of real estate and securities and matters of finance.

Our experience enables us to give you valuable advice and assistance, and we invite you most cordially to call and discuss this subject with us personally and confidentially, it being thoroughly understood that no obligation whatever rests upon you to do business with us. You will be welcome, if you come simply for an exchange of ideas.

We shall hope to have the pleasure of seeing you at our office when you can make it convenient to come; or, if that is not practicable, we would be gratified to have an opportunity of opening correspondence with you on this subject.

As a careful investor, you will doubtless be interested in looking over the enclosed list of securities, which we are enabled to offer you.

It frequently happens that we have a block of especially desirable bonds, and we would like to place you on our *special list* for these bargains from time to time. Mail us the enclosed postal with your name and address, and you will have first chance at our best offerings.

With best wishes for the New Year, we are,

Very truly yours,
FEDERAL REALTY Co.,
By W. A. CARNEY, President.

FORM NO. 103—LETTER TO BROKERS, OFFERING PROPERTY.

W. A. CARNEY,
433 STIMSON BLDG.Home 434
Main 4054.DEALERS IN
INDUSTRIAL SITES.GEO. M. SORELLE.
1006 UNION TRUST BLDG.
Home 1819
Main 8727

LOS ANGELES, CAL., May 16, 1906.

DEAR SIR: We would respectfully call your attention to the list of Industrial Sites herein referred to, and solicit your co-operation in the sale of the same.

Will pay commission on sales as stated in each case.

No. 1.

The S. E. corner of HUNTER AND MATEO, fronting 100 ft. on Mateo by 120 on Hunter, extending back to a 20-ft. alley. This is an EXCEPTIONALLY choice corner.

Price, \$6000—Commission, \$200.

No. 2.

776 Hemlock St., having a frontage on Hemlock of 100 ft. by 112½ ft. in depth. Present income \$31 per month. This property, which is

within one block of where the GREAT \$1,000,000 UNION DEPOT is to be built; adjoins the HUNTINGTON PROPERTIES on the west, and has a spur track extending up to the property line in the rear.

Price, \$11,000—Commission, \$350.

No. 3.

The N. E. cor. of SANTA FE AVE. and PORTER ST., fronting 210 ft. on SANTA FE AVE. by 140 ft. in depth to a 20-ft. alley, along which the SALT LAKE RY. recently obtained a FRANCHISE for a spur track. There are situate thereon 10 cottages, having a monthly rental INCOME of \$100. (Recently we sold 140x360 ft. on Porter St., diagonally across the street and alley to the RAND-McNALLY people, who intend in the near future to erect a substantial WAREHOUSE COVERING THE ENTIRE PREMISES). Terms \$9000 cash, \$7000 in 3 years, at 6% interest net.

Price, \$15,000—Regular Commission.

No. 4.

McPHERSON ST. near SANTA FE AVE., fronting 600 ft. on McPherson, by 140 ft. in depth to a 20-ft. alley, and adjoins the Santa Fe Right of Way on the east. This property is within one block of the GREAT STEEL PLANT to be erected by the REPUBLIC IRON WORKS; within one block of the HAUSER PACKING COMPANY and within three blocks of where the HUNTINGTON interests are to erect their large RAILWAY TRANSFER BARNs. Reasonable terms.

Price, \$18,000—Commission, \$500.

All of these properties are held under option by us, and we absolutely guarantee delivery.

This circular letter supersedes all previous offers.

Make all sales subject to our approval. No signs.

Respectfully yours,

GEO. M. SoRELLE,
W. A. CARNEY.

FORM NO. 104—LETTER ENCLOSING LISTING BLANKS.

DEAR SIR: I enclose you several blanks herewith. Kindly fill out and return to me the blank or blanks suited to your case, and I will endeavor to sell or exchange your property for you. Give me your best price and every particular, and state exactly what you will and will not do. I have a large number of deals under way at all times, and it may be that I can make a sale or exchange for you at once. Some people are going East, some West, some North, and some South. Western people want to go East, and Eastern people want to go West; Southern people want to go North, and Northern people want to go South. These are the people I want to help on their way. Let me hear from you without delay.

Very truly yours,

FORM NO. 105—SALE BLANK.

DEAR SIR: I have for sale or exchange the following described property:

(State all particulars and description above.)

Situate in County, State..... My price is..... My terms are..... My reasons for selling are..... I would exchange for...

(State here in what section you want property or business.)

State what revenue your property is now bringing \$..... If a business, how much you are clearing per year \$.... If property is clear, so state... If not how much of a debt is against it.....

You may sell or exchange the above-described property, and if same is sold or exchanged through your efforts, I will pay you for your services the sum of five per cent. on the amount I accept for my property.

Very truly yours,

.....

FORM NO. 106—NEW LOCATION BLANK.

DEAR SIR: We are desirous of changing our location, and would like to hear from you as to a new location for our plant. We employ... people. The average pay of each is \$..... per week. Our pay-roll is \$.....per month. Our plant is run....months each year. We manufacture..... Our annual sales amount to \$..... Our product goes principally to..... We now use.....for fuel. We could use natural gas to advantage. Our fuel bill will approximate \$..... per month. We would require.....acres of land. Railroad siding is needed. We would need house accommodations for.....families, who would pay \$..... each per month in rent, on the average. We would expect the following inducements:..... Our raw material comes from..... and we have approximately.....cars coming in per month, and our shipments will amount, approximately to.....cars going out per month.

We employ.....people, 16 years old and upwards, the majority of whom we would expect to find in the new location.

Very truly yours,

.....

FORM NO. 107—INFORMATION BLANK.

DEAR SIR: I have acres orlots in or near the town of.... County of.....State of..... PopulationRailroadsChief industriesTown is growing....New houses built last year.... I want your terms for a lot sale on commission..I want to sell (here state in detail the lots or acreage you have for sale, describing premises fully). I have had an Auction Lot Sale If so, state how many lots were sold.... Who had charge of the sale?State year and month in which sale was held....Have you coal or oil or natural gas?.... How does your property lie—level or otherwise?.....How near the residence section is it?..... How many feet front on Road or Street?..... Do you think a Lot Sale would pay?.....Has your town a Board of Trade?....Does the town want factories?.....If so, what?..... Will town make inducements?.... Give Bank References.....Is your property clear or can you make clear deed?Give address of good attorney in your city.....

Very truly yours,

.....

FORM 108—SUGGESTIONS AS TO BOND CIRCULAR.

BARNUM, MERRILL & LAMB,

Suite 534 Mason Building, Los Angeles, California.

Dealers in Municipal, Railroad, Corporation Bonds.

WESTERN CORRESPONDENTS, LAWRENCE BARNUM & CO.
Philadelphia. New York. Boston.

We offer the following securities subject to sale and change in price:

Amount	Security and Description	Maturity	Price with Ac'd Int.	To Yield
MUNICIPAL BONDS.				

£25,000 Imperial Japanese Govt. 4½s. Feb. 15, 1925. At market. 5.00%
 Sterling, First Series, Coupon F. & A.

* * * * *
 \$3,000 FIRST MORTGAGE 6 PER CENT. GOLD BONDS OF THE
 BATTLE CREEK COAL AND COKE COMPANY.

Dated April 1, 1905; due April 1, 1935. Denomination \$500. Coupon. Principal may be registered. Subject to call and interest after 1906. Interest payable (April and October) at the International Trust Co., Baltimore, Md., and at the banking house of Lawrence Barnum & Co., New York City. Principal payable at the International Trust Co., Baltimore, Md., Trustee. A sinking fund of 10 cents per ton, but not less than \$7,500 annually, is provided to retire bonds. Stock: Common, \$400,000; preferred, 7 per cent cumulative, \$300,000; bonds authorized, \$325,000; bonds outstanding, \$300,000.

These bonds are a first mortgage on all property of the Battle Creek Coal and Coke Company, which owns 2,378 acres of valuable coal lands, located at Orme, Marion County, Tenn. a complete plant, capable of handling an output of 1,000 tons daily, and all of the buildings and improvements in Orme, which town is entirely on the property of the Company.

This property has been acquired by purchase from the Campbell Coal and Coke Company, which has been in successful operation for over two years, having earned net over \$60,000 each year. Orme is located on a branch of the Nashville, Chattanooga & St. Louis R. R., about ten miles from Bridgeport, Ala., thirty miles from Chattanooga, Tenn., and one hundred miles from Atlanta, Ga., Nashville, Tenn., and Birmingham, Ala., and has good railroad connections with the above-named cities, all of which afford it ample market for the coal at good prices.

STATEMENT OF EARNINGS.

	1904	1903
Gross income	\$242,771.16	\$227,720.32
Expenses, taxes, renewals, etc	182,538.71	161,245.01
Net income	60,232.45	66,475.31
Interest on bonds	18,000.00	18,000.00
Surplus	\$ 42,232.45	\$ 48,475.31
Sinking fund	7,500.00	7,500.00
Surplus applicable to dividends on stock.....	\$ 34,732.45	\$ 40,975.31

Legality approved by James H. Gilbert, Esq., of Atlanta, Ga., and Hon. Frank D. Pavey of New York City.

The books of the company have been audited by the American Audit Company of New York.

PRICE 102½ AND INTEREST.

Special circular on application.

All statements in this circular are based on information which we regard as reliable.

BARNUM, MERRILL & LAMB,

Suite 534 Mason Bldg.

Los Angeles, Cal.

FORM NO. 109—AGREEMENT FOR SALE OF LAUNDRY ROUTE.

THIS AGREEMENT, made in duplicate this 12th day of February, 1906, by and between George W. Brown, the first party, and Amos Judd, the second party, each of said parties being a resident of the City of Los Angeles, State of California.

WITNESSETH, That the said first party agrees to sell and transfer to the said second party, and the said second party agrees to purchase and take over the laundry route business of said first party, including the good will of said route, one sorrel horse, laundry wagon and harness and all paraphernalia connected therewith, for the sum of \$500, to be paid as follows: \$50 as a deposit and part payment, the receipt whereof is hereby acknowledged; \$50 at the end of one week from this date, and \$400 at the end of two weeks from this date, all payable to said first party in United States Gold coin; Provided, that the following conditions shall be complied with, namely:

Said first party shall take said second party over said route for two weeks from and after this date, introducing said second party to the customers of first party, and if the commissions or compensation from said business in and during said two weeks shall be equal to \$25 per week, net, then said sale shall be consummated. The moneys received in said two weeks as such compensation shall be disbursed as follows: First party shall receive all of said moneys for the first week and the said party of the second part shall receive one-half, and said first party shall receive one-half, of the said moneys for the second week.

Said first party agrees not to engage in the laundry business in the City of Los Angeles, in any manner, either directly or indirectly, within the term of two years from and after this date.

Upon consummation of sale, said first party shall make a bill of sale of said goods and chattels, conveying the same to said second party, free and clear of all incumbrances, and shall warrant and defend the title thereto against the just and lawful claims of any person whomsoever.

If the above conditions as to compensation shall not be complied with, then said deposit of \$50 shall be returned to said second party, and second party may also retain the one-half of the net earnings of said business for said second week, and both of the parties hereto shall thereupon be released from the obligations hereunder.

If the above conditions as to compensation are complied with and the second party shall fail to consummate the purchase, the first party may retain for himself as liquidated and stipulated damages all moneys received on account hereof.

IN WITNESS WHEREOF, The parties hereto have hereunto set their hands and seals the day and year first above written.

GEORGE W. BROWN, (SEAL).
AMOS JUDD. (SEAL)

FORM NO. 110—AGREEMENT OF EXCHANGE—LAND FOR LODGING HOUSE.

THIS AGREEMENT, made in duplicate, this 12th day of January, 1906, between John W. Ives, the first party, and Mrs. Mary Davis, the second party, each of said parties being a resident of the County of Los Angeles, State of California.

WITNESSETH, That for and in consideration of the agreements herein-after expressed, the parties hereto do hereby mutually covenant and agree, each with the other, as follows, to wit:

Said first party agrees to sell and convey to said second party, and said second party agrees to purchase forty (40) acres of land, situate in the County of Los Angeles, State of California, described as the S. E. one-fourth ($\frac{1}{4}$) of the N. E. one-fourth ($\frac{1}{4}$) of Section 17, in Township 4 N., Range 15 W., S. B. M., subject to a mortgage thereon, for the sum of \$500, dated July 21, 1905, in favor of Isaac Jackson, of Pasadena, California, payable three years after date, with interest at the rate of 7 per cent per annum, net, said premises to be conveyed free and clear of all incumbrances, save and except said mortgage, by a good and sufficient deed, the title thereto to be marketable and to be evidenced by an unlimited certificate of title to be issued by the Title Insurance & Trust Company of Los Angeles, at the expense of first party, showing the title in said first party as aforesaid at this date or later. The deed to said premises shall contain a clause to the effect that second party shall assume and pay said mortgage.

The second party agrees to sell and transfer to said first party, and said first party agrees to purchase the furniture of ten-room lodging house, and the good will and lease thereof, at No. 805 Central Ave., in the City of Los Angeles, State aforesaid, said furniture having been this day inventoried and listed as shown in Exhibit A, hereto attached; said furniture, good will and lease to be transferred to said first party free and clear of incumbrances by a recordable bill of sale to be executed and delivered by said second party.

Said first party shall have said certificate of title to said premises brought down to this date or later, and if said certificate, when so continued, shall show said premises vested in said first party clear of all incumbrances, except said mortgage, as aforesaid, then said conveyances shall be exchanged and said second party shall put said first party in possession of said lodging house. The first party shall pay interest on said mortgage to the date when said exchange shall be made, and said second party shall pay the rent of said lodging house to said date. The said papers shall be exchanged at the real estate office of George W. Brown, Room 404, Chamber of Commerce Building, Los Angeles, California.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

JOHN W. IVES,
MRS. MARY DAVIS

(SEAL)
(SEAL)

FORM NO. III—AGREEMENT TO EXCHANGE LAND FOR SHARES OF STOCK

THIS AGREEMENT, made in duplicate, this 22d of April, 1906, between FRANK N. WILSON, the party of the first part, and B. G. MILLIKEN, party of the second part, each of said parties residing at Los Angeles, California,

WITNESSETH, WHEREAS, the said party of the first part is the owner of two thousand (2,000) acres of land, situate in Lawrence County, State of Kentucky, the same being described as Sections or Blocks 38 and 39 of the Wilcox Grant, each of said blocks containing one thousand (1,000) acres, the estimated value of said lands being Twenty Thousand (\$20,000) Dollars; and

WHEREAS, said party of the second part is the owner of the majority of the shares of the capital stock of the Milliken Canal & Reservoir Company, a corporation organized under the laws of the State of Idaho, and having a capital stock of \$250,000 divided into 5,000 shares of the par value of \$50 each, of which stock 3,000 shares are now issued and outstanding, the object and purpose of said Company being the segregation and irrigation of lands under the "Carey Law;" and

WHEREAS, said party of the first part proposes to sell and convey the aforesaid Kentucky lands to said party of the second part, in exchange for Four Hundred (400) shares of the capital stock of said Milliken Canal & Reservoir Company, and said party of the first part, is willing to make said exchange, provided and on condition that the title to said lands shall be found to be vested in said party of the first part by a good and marketable title, free and clear of all incumbrances, as shall be shown by an abstract of title, to be furnished by the said party of the first part, at his expense:—

Now, THEREFORE, in consideration of the premises and of One (\$1.00) Dollar, by each to the other in hand paid, receipt whereof by each is hereby acknowledged, the parties hereto do hereby mutually covenant and agree, as follows, to wit:

THE PARTY OF THE FIRST PART, in consideration of the sale and transfer to him of the said 400 shares of said capital stock, hereby agrees to sell and convey to said party of the second part, by a good and sufficient deed, (said deed to contain the usual covenants for quiet enjoyment and that the vendor will defend the title to said premises)—the aforesaid Kentucky lands, and agrees to furnish, at his own cost and expense, an abstract of title thereto, showing said lands vested in him at or after this date, by a good and marketable title, free and clear of all incumbrances.

And said party of the second part, in consideration of the conveyance to him as aforesaid of said Kentucky lands, agrees to sell and transfer to said party of the first part 400 shares of the capital stock of said Milliken Canal & Reservoir Company, and to cause certificates in evidence of said 400 shares to be issued to, and in the name of, said party of the first part.

The abstract of title to be furnished as aforesaid, shall be placed in the possession of the said party of the second part within fifteen days from the date hereof, and, if upon examination thereof, the title to said lands shall not prove satisfactory to said party of the second part, or his attorney, he shall so notify said party of the first part, in writing, and thereupon this contract shall immediately become null and void. If said title, upon such examination, shall be found satisfactory to party of the second part, the said exchange shall be consummated, not later than May 22, 1906, at the office of James Brown in Bryson Block, Los Angeles, California.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

FRANK N. WILSON, (SEAL)
B. G. MILLIKEN. (SEAL)

FORM NO. 112—OPTION AND AGREEMENT.

KNOW ALL MEN BY THESE PRESENTS, Thatof the County of Los Angeles, State of California, the owner, in consideration of the sum ofdollars, gold coin, to in hand paid, the receipt whereof is hereby acknowledged, does hereby give and grant unto..... of the County and State aforesaid, for the term ending at twelve o'clock noon on the day of....., 1906, the exclusive right and option to purchase that certain real property, situate in the City of Los Angeles, County and State aforesaid, officially described as follows, to-wit: (here follows description.)

.....situate on.....street, and being of the dimensions of.....feet frontage on said street by.....feet in depth, to a.....foot alley, together with the appurtenances, for the sum of.....(\$.....) NET to said owner, the said price to be payable as follows, to-wit:

\$.....the amount paid for this option, which shall be applied on, and as a part of, said purchase price, in event of sale;

\$....in cash, to be paid within fifteen days from date of sale after conveyances shall be placed in escrow;

\$.....by a negotiable promissory note, to bear date of sale, to be executed by the purchaser to said owner, and to be payable.....years after date, with interest at the rate of.....per cent per annum, payable quarterly and to be secured by a first mortgage on said premises.

In the event of sale, the said owner agrees to make, execute, acknowledge and deliver a good and sufficient deed, conveying said premises to said.....or his assigns, and to furnish, free of expense to the purchaser, an unlimited certificate of title, to be issued by the Title Insurance and Trust Co., or Title Guarantee and Trust Co., showing a marketable title to said premises to be vested in purchaser, free and clear of incumbrances, except.....

This option is given subject to the following conditions on the part of said owner to be kept and performed, namely:

That he shall pay interest to date of transfer on any mortgage now on said premises;

That he shall transfer to purchaser without charge, either for transfer fee or return premium, any policy or policies of insurance now on said premises, for the unexpired terms thereof;

That he shall pay any personal property taxes which by operation of law or otherwise might become or are a lien upon said premises;

That he shall receive all rents from said premises to date of transfer, and if said rent shall have been or be paid to him in advance and beyond the date of transfer, he will refund the excess to the purchaser;

In the event of sale, all papers and the said moneys are to be placed forthwith in escrow with either of the above mentioned Title Companies.

In the event this option shall not be exercised within the time above limited, the said sum of \$.....shall be retained by said owner as liquidated and stipulated damages, and both parties shall thereupon be released from all obligations hereunder.

All of the covenants and agreements hereof shall bind the heirs, legal representatives, successors and assigns of the said respective parties hereto, and each of them.

IN WITNESS WHEREOF, the said.....has hereunto set.....hand and seal this.....day of....., A. D. 1906.

(SEAL)

A SERIES OF LETTERS TO FOLLOW UP AND CLOSE A SALE
UNDER OPTION, WHERE AN INCUMBRANCE IS
DISCOVERED.

(Nos. 113 to 117 inclusive.)

FORM NO. 113.

LOS ANGELES, CAL., April 25, 1906.

George Brown, Esq., Agent, Los Angeles, Cal.

DEAR SIR: Whereas, I have heretofore paid you the sum of \$500.00 to apply on the purchase of (here describe premises) at the price of \$12,000, under an option and agreement held by you from the owner, Mr. A. K. Jones, whereby he agrees to furnish an unlimited certificate of title showing same premises free and clear of incumbrances; and

WHEREAS, the certificate of title to said premises shows the same to be incumbered by an easement in favor of the City of Los Angeles, for a right of way for a pipe line and the right to operate same, and inquiry at the office of the Street Superintendent of said city shows that a pipe line, 30 inches in diameter, runs diagonally across said premises about 2½ feet beneath the surface of the ground, and is now leased by said city to certain corporations and is now in use:

Now, therefore, because of said incumbrance and of the defect in said title, I demand that you return to me the said sum of \$500.00 paid on account of said purchase.

Truly yours,
PETER SMITH.

FORM NO. 114.

Los Angeles, Cal., April 25, 1906.

A. K. Jones, Esq.,
Los Angeles, Cal.,

DEAR SIR: I hand you hereto attached, a copy of notice of a demand served on me by Mr. Peter Smith, with whom I made a contract for the sale of your lots (here describe premises) at the price of \$12,000, under and pursuant to the provisions of an option and agreement, signed by you and dated April 1, 1906. You will observe from said notice that by reason of a defect in the title to said premises, the purchaser declines to accept the same and demands return of the deposit paid at the time the contract with him was entered into. I request that you proceed immediately to clear the property of the incumbrance referred to, so that I can close the deal.

Respectfully yours,
GEORGE BROWN.

(Inclosure.)

FORM NO. 115.

Los Angeles, Cal., April 26, 1906.

Peter Smith, Esq.,
Los Angeles, Cal.

DEAR SIR: Referring to lots (here describe premises) which I sold you, and in respect to which you demanded that the deposit paid thereon be returned to you, would state that the owner, Mr. A. K. Jones, informs me that he will proceed with due diligence and all convenient speed to clear said premises of the incumbrance to which you object, and that he

will at his expense, cause said pipe line to be removed from said premises and placed in the adjoining alley and street, and that he will procure from the City of Los Angeles a quit-claim deed, quit-claiming to him the easement on said premises, and for such purposes he desires that he be allowed such reasonable time as may be necessary, not exceeding sixty days in all. I will issue my check to the Union Title Company for \$500, being the amount of your deposit, to be held by said Title Company, for said sixty days, as per the accompanying instructions, which I request you to confirm. If Mr. Jones shall be able to clear said premises of said incumbrance within said sixty days, it is understood that you are thereupon to pay the balance of the purchase price, to-wit, the sum of \$11,500.

Respectfully yours,
GEORGE BROWN.

FORM NO. 116.

Los Angeles, Cal., April 26, 1906.

To Union Title Co., City.

GENTLEMEN: I hand you herewith, in connection with Escrow No. 50,127, my check for \$500, being the amount advanced by Mr. Peter Smith, as a deposit and part payment on Lots (here describe premises) sold to him at the price of \$12,000, and in respect to the purchase of which he now declines to proceed because of a defect in the title of which he was not informed at the time of said purchase. In order to enable the owner of said premises, and myself as option-holder, to attend to the perfecting of the title to said premises, the above-mentioned sum is to be held by you in escrow for the term of sixty days after this date. If the title to said premises is perfected within said sixty days, you are to return said sum of \$500 to me; if said title is not perfected within said sixty days, you are to pay said sum to said Peter Smith.

GEORGE BROWN.

I confirm the foregoing instructions.
PETER SMITH.

FORM NO. 117.

Los Angeles, Cal., May 3, 1906.

Peter Smith, Esq.,
Los Angeles, Cal.

DEAR SIR: In the matter of the sale to you of lots (here describe premises) Mr. A. K. Jones advises me that he has arranged with the Street Superintendent for the removal of the pipe line from the above-mentioned lots at any time upon receipt of notice from you; but inasmuch as the street department is very busy just now, the Street Superintendent desires that you defer making the request for a few days.

I hand you herewith an unlimited certificate of title issued by Union Title Company, showing said lots free and clear of incumbrances and request that you make payment forthwith of the balance of the purchase price.

I regret the tedious delay which has attended the closing of this transaction, due to an incumbrance, the existence of which was unknown to you and myself at the time of the sale, and Mr. Jones having accomplished what seemed to be an impossible task, it now remains for your good self to consummate the deal by putting up the purchase price, with said Union Title Company, Escrow No. 50,127.

Respectfully yours,
GEORGE BROWN.

FORM NO. 118—GENERAL LISTING CARD, WITH SPACE FOR DESCRIPTION, AND COMMISSION CONTRACT, BOTH ON ONE SIDE.

CARNEY REALTY CO.

Name..... Address..... Lot..... Block..... Tract..... Location of property..... Size of lot..... To..... Alley Cement Walks..... Rooms..... Bath..... Toilet..... Sewer..... Barn.... Price \$..... \$..... Down, Balance \$..... per month..... per cent interest. Mortgaged for \$..... per cent..... Due..... Rented for \$..... per month. Water..... Will exchange for..... Insured for..... Owner to furnish unlimited Certificate of Title at..... expense.

I hereby constitute the CARNEY REALTY CO. sole agent for the herein described property and agree to pay a regular commission of 5 per cent on first \$1,000 and 2½ per cent on balance at whatever price sold. This price to be good until 190.....
Dated.....

(Signed).....

FORM NO. 119—BUSINESS PROPERTY CARD. PARTICULARS ON ONE SIDE. SEE NEXT FORM FOR CONTRACT.

No..... Street. Size..... Side Between..... and..... Streets. Improvements..... Incumbrance \$..... Due..... Interest..... %..... Leased for..... Years. Expires..... Price \$..... Terms Cash; Bal..... Yrs..... %..... Monthly rent \$..... Taxes \$..... In..... Net annual income ..\$..... Pays..... % Net..... Remarks..... Business Map No.

FORM NO. 120—CONTRACT ON BACK OF FOREGOING CARD.

LOS ANGELES, CAL.,..... 190

I hereby authorize Federal Realty Co. to sell the hereon described property upon the terms stated, until I notify them otherwise in writing.

I also agree to pay said Federal Realty Co. their regular commission of 5 per cent on the first \$1,000 and 2½ per cent on the remainder of such sum as I may accept as purchase price.

And I further agree to notify said Federal Realty Co. in writing when this property is sold, or any change made in price or terms. I authorize said Federal Realty Co. to put up their sign on said property.

..... Owner.
Address..... Tel. Sunset..... Home.....

See Contract No..... See Letter Dated..... 190..... Listed by..... Listing confirmed..... 190., by..... 190., by..... Instructions.....

FORM 121—BUSINESS CHANCE CARD.

Card No..... Business..... Street and No..... Name..... Rent..... Lease..... Value of Stock..... No. of Rooms..... Condition..... Income..... Expense..... Amount of Help..... Are double entry books kept?..... Where do you bank?..... Has any Mercantile Agency a report on you?..... Indebtedness, what?.....

Description of business..... Price \$...... Terms..... Will exchange for.....

(Agreement on back to pay commission for sale or exchange.)

FORM NO. 122—LIST OF PROPERTY TO BE FURNISHED IN-
QUIRERS.

DUPLICATE LIST OF PROPERTY
FURNISHED BY

SMITH & JONES,

Real Estate Brokers

To the undersigned inquirer.

LOS ANGELES, CAL.....190....

.....
.....
.....

The above list of property having been furnished me by Smith & Jones, Real Estate Brokers, I agree, in consideration thereof, that if I should bargain for, purchase or otherwise acquire any of said property, I will do so only through the agency of said Smith & Jones; and if I should fail to keep this agreement, then I agree to pay said Smith & Jones the sum ofDollars (\$......) for their services in furnishing such list.

Signature.....

Address.....

FORM NO. 123—BLANK FOR FURNISHING LIST OF HOUSES
FOR RENT.

HOUSES FOR RENT

—BY—

WRIGHT & CALLENDER

MANAGERS OF RENTAL PROPERTY

Wright & Callender Building.

Telephones: Sunset, Main 808; Home, Private Ex., 7 Los Angeles, Cal.
Some of the choicest residences in the city for sale.

No.....	.....Street	Rent \$......	Rooms.....	Water.....
Key.....	.....Street	Rent \$......	Rooms.....	Water.....
No.....	.....Street	Rent \$......	Rooms.....	Water.....
Key.....	.....Street	Rent \$......	Rooms.....	Water.....
No.....	.....Street	Rent \$......	Rooms.....	Water.....
Key.....	.....Street	Rent \$......	Rooms.....	Water.....

The above list of houses having been furnished me by WRIGHT & CALLENDER, it is agreed that if I rent any of them, I will do so only through them, and will pay to them the first month's rent, or their regular commission as agent.

Date.....1905

Name.....

Address.....

FORM NO. 124—TENANT'S APPLICATION.

WRIGHT & CALLENDER,
RENTAL DEPARTMENT.

TENANT'S APPLICATION.

LOS ANGELES, CAL. 190....

MESSRS. WRIGHT & CALLENDER:

I hereby make application for the rental of premises described below, upon the following terms, and warrant all statements made in application to be correct.

Name in full..... Residence..... Tel. No..... Business Address
..... Tel. No..... Occupation..... Number in family..... Number
of children..... Oldest child..... Sex..... Youngest child.....
Sex..... Any illness in family?..... Do you expect to rent rooms?
..... Or keep boarders?.....

I desire to rent No..... For Term of..... From..... At \$.....
per month, water paid by..... Deposit \$..... Subject to.....

References: Present landlord or agent..... Other references.....

If any of above statements are found to be false, I hereby agree to
forfeit said deposit.

Witness..... Signed..... (Seal)

Owner..... Address..... Tel. No..... Approved by.....

Reference examined by.....

FORM NO. 125—RENT DEPOSIT RECEIPT.

WRIGHT & CALLENDER,
Wright & Callender Building.

\$..... RENTAL DEPARTMENT No.....
RENT DEPOSIT RECEIPT—All Rents Payable Invariably in Advance.
LOS ANGELES, CAL. 190....

RECEIVED FROM..... DOLLARS, to be applied on ac-
count of rent of..... subject to tenant and the following Terms and
Agreements being accepted by owner, or WRIGHT & CALLENDER,
Agents. Rent to commence from I., at a monthly rental of
..... Dollars, Payable in Advance, term..... Water to be paid by.....
and....., or if not so accepted, this deposit be returned by the
undersigned, and accepted by applicant, at any time when same is tendered.

It is a condition of this receipt that within Twenty-four hours after
notification of the acceptance of tenant and said terms by owner, or
WRIGHT & CALLENDER, Agents, the balance of one month's rent
(if any unpaid) shall be paid to WRIGHT & CALLENDER, or the
amount herein receipted for shall be forfeited to them as liquidated
damages.

*Tenant to be entitled to possession of premises only after notification
of acceptance and payment of full rent, as above specified, and under no
other conditions.*

The above amount is accepted by the undersigned only on the express
agreement that the applicant holds the owner of the above described prem-
ises and WRIGHT & CALLENDER, Agents, harmless in every way,
except for the return of the amount deposited, if demanded within five (5)
days from the date hereof, in case the application is not accepted.

This receipt is given in connection with Application of even date and
number herewith, which is hereby referred to and made a part hereof.

WRIGHT & CALLENDER, Agents.

By.....

THIS RECEIPT MUST BE RETURNED.

FORM NO. 126—SCHEDULE OF PRICES OF LOTS.

PRICE LIST OF LOTS

—OF—

PALM TERRACE PLACE.

Lot 1	\$2500.00
Lots 2 to 11 inclusive.....	2000.00
Lots 14 to 19 inclusive.....	1500.00
Lots 20, 21, and 23.....	1000.00
Lots 22-24-25-26.....	1500.00
Lots 27-28-29	2000.00
Lots 30 to 37 inclusive.....	2500.00
Lots 44 to 51 inclusive.....	2000.00
Lot 52	1700.00

TERMS.

* One-fourth cash; balance 6, 12 and 18 months, at 7% net. Five per cent discount for cash.

IMPROVEMENTS will be made promptly and as follows: Oiled streets, Cement walks and Curbs, Water piped to each lot and shade trees planted in front of every lot.

RESTRICTIONS: Jefferson and Fourth Ave., \$1500. All other lots \$1250, except lots south of Edison; these latter lots \$1000. No barns or temporary buildings allowed to be built until house is completed. All houses must be built 25 feet from front property line, and a number of other desirable restrictions will be included.

NEW HOUSES TO BE BUILT. Three new houses will soon be built in the first block on Jefferson street. These houses will be built by the owners of the Tract.

CERTIFICATE OF TITLE by the Title Insurance and Trust Co. will be furnished with every lot as paid for.

FORM NO. 127—A STRIKING SUBDIVISION AD.

"Southwestward the growth of Greater Los Angeles takes its way."

Jefferson St. Park Tract

A FORTUNE IN LOTS

Right in Line of the City's Irresistible Growth Southwest. The Handsomest Subdivision in Greater Los Angeles.

On West Jefferson Street Car Line, Bounded on the East by Arlington Street, on Both Sides of Jefferson Street.

JEFFERSON ST. PARK TRACT

The owners of this beautiful subdivision present it as the most attractive and desirable moderate-priced tract in the city. It is the logical location for a beautiful home district—the place of all places. It commands a great panoramic view across the perpetually green Santa Monica Valley to the ocean. Cool in summer and warm in winter. Fine soil and pure water.

JEFFERSON ST. PARK TRACT

Only 30 minutes distant from Fourth and Broadway. All the lots are level and carry \$1500.00 building restrictions. All street improvements to be made at once. The city is built solidly to this tract, and must grow through it. The careful restrictions that govern it and the neighboring properties will insure you the most ideal and refined surroundings for your home.

JEFFERSON ST. PARK TRACT

Make your reservations now. Several fine homes to be built at once. Secure your lot, for they will quickly double in value. Prices \$550 and up. Terms, one-fourth cash, one-fourth 6 months, one-fourth 12 months, balance in 18 months, 5 per cent. discount for cash. It is the lot under the thousand mark that makes you the dollars.

JEFFERSON ST. PARK TRACT

Remember, it is on Jefferson street, the great south cross-town thoroughfare of Los Angeles. Remember, it is SOUTHWEST, and on a car line. Remember, it is close in the city, and your profits are assured. Make your reservations today. Regular commission to agents.

SEE OWNERS' REPRESENTATIVES:

ARTHUR W. KINNEY CO.,

119 Merchants Trust Bldg., Ground
Floor. Phone Home 402.

G. G. JOHNSON,

204-5 Bryson Bldg. Phone Home 180.

P. W. POWERS,

234 Byrne Bldg. Phone Home 3041.

FORM NO. 128—A TYPICAL REAL ESTATE BULLETIN.

"Live and let live today" is a good maxim, but "Live and help live every day," is better.

EASTER GREETINGS: *"Be Joyful."*

REAL ESTATE BULLETIN

CHARLES M. STIMSON.

207 Trust Bldg. Cor. 2nd and Spring Sts.
Telephones: Home 7585; Sunset Main 6005. Los Angeles, Cal.

I am the owner of all properties quoted for sale in my list. They are all free from all incumbrances and I offer the same for sale on easy terms to suit purchasers at good investment prices. If you see what you want speak quickly as prices are advancing to keep pace with the rapid growth of our city. The prices are subject to change without notice, and all sales are subject to my approval. Regular commission on sales made by dealers.

PRICE LIST NO. 12. INCOME AND BUSINESS PROPERTY.

- \$21000 No. 504-506 E. 3rd street, restaurant, tailor shop and 3 rooms first floor, 14 rooms second floor; lot 35x100 to alley; near Central Ave. market. Street paved. \$600 per foot.
20000 No. 369 Central Ave., opposite market, 25x100, restaurant. \$800 per foot.

FORM NO. 129—TWO SUGGESTIVE ADS. FOR BUILDERS.

HOMES FOR THE MILLION.

As to building—do you contemplate erecting a residence, store, office building or factory? Our architectural department is managed by one of the finest architects in Los Angeles, a graduate of the English schools of architecture, with ten years' practical experience, thoroughly conversant with every department of the business, whose plans are unsurpassed in architectural effect, beauty of design, space utilization, economy of construction and durability. Remember, we do the work ourselves. We do not sublet our work. We employ our own force of men in every department, plumbing excepted. Our managers are thoroughly up to date and reliable, and we assure you that you will receive everything that we specify according to the terms and spirit of our specifications. Try us. Once a customer, always a customer.

FEDERAL REALTY COMPANY.

433 Stimson Building. Home Phone 1275. Los Angeles, Cal.

FORM NO. 130—FOR SALE—HOUSES.



WE HAVE TALKED

a great deal during the past four months about home building, and during that time we have convinced a great many wide-awake people that our plan of building houses is just about the proper thing.

NEVERTHELESS

there are a few remaining who have not heard of us and of the thoroughly modern houses that we design and build.

It seems to us that our plan once explained would immediately appeal to you. We build for cash, after plans and specifications that you furnish, or, better still, if you will come to the office and tell us what you want, the number of rooms, etc., we will guarantee to get you out one of the nicest, neatest and best arranged plans for a house that you have seen, and we will write the specifications to meet the requirements and furnish the entire cost of the house, if you desire. And you can repay us as you see fit. We will make you a loan to be repaid in three or five years, interest to be paid every three months, or you can repay us in monthly payments, the same as you pay rent. Your payments start when the house is finished. We charge nothing for the plans and specifications.

Come in and see us and let us convince you that in Los Angeles our houses are in demand.

J. BURRIS MITCHELL & CO.

Contractors and Builders.

326 Douglas Building.

Sunset, Black 3991.

Home, 3774

FORM NO. 131—THIS AD. IS HELPFUL AND ASSURING, AND IS
AN EXCELLENT MODEL TO FOLLOW FOR
COUNTRY LANDS.

FOR SALE—

Country Property.

HOMESEEKERS.

THIS IS FOR YOUR GOOD!

IF YOU ONLY KNEW IT.

Is it not worth your while to make sure that you are getting the best for your money when you buy a ranch that may be your home for many years, if not for life?

Will it not be wisdom on your part to go slow until you are sure of what you are buying? Remember, it is a good deal easier to buy than to sell; be sure, then, that you buy in the right section.

NEW FRIENDS, let us tell you that we have farmed our own land for many years, we have cultivated and pruned our own orchards and harvested the crops from them; we know good land when we see it. We have been of untold assistance to thousands of homeseekers; we have saved them thousands of dollars; may we not be of equal assistance to you? Our advice costs you nothing, and certainly if any advice is worthy of consideration it is ours. It certainly ought to be—we have had the actual practical experience. We have made a success of farming and we can help others to do the same. We know from our own experience all the drawbacks with which the California farmer has to contend. We know, too, that few men can pay \$250 to \$500 an acre for land and make a living and interest on their money, unless it be in concentrated form. Take our advice and learn something about CENTRAL CALIFORNIA. We can give you

good valley land for \$50 to \$100 per acre, where no irrigation is necessary, rainfall being 25 to 35 inches and CROP FAILURE UNKNOWN.

Just send 5c for illustrated literature which will show you what can be done by the farmer in this section.

Send 5c for colored map of the State.

Send a stamp for free catalogue.

Let us hear from you anyhow. Correspondence does not cost much and it will result to our mutual benefit.

BURR-PADDON CO.
(Incorporated.)

San Francisco.

California.

FORM NO. 132—AN ARGUMENTIVE AD., USEFUL IN WORKING
UP INTEREST IN A PARTICULAR STREET.

FOR SALE—

Business Property.

CONCERNING JEFFERSON STREET.

I present below what I POSITIVELY KNOW to be the four best investment propositions on all JEFFERSON ST., and that means the four best in Los Angeles (for a moderate amount of money,) because JEFFERSON is now LOWER in price than any other street of anything like its importance in this city. It has not been "boomed" as have most of the others. Great jumps in price, like those on Washington, Pico, Figueroa and Main, are YET TO COME, and they will come SOON. It is natural and ONLY cross-town business street for the southern end of town, and it offers to the scientific investor opportunities that he will seek in vain elsewhere.

If you ever lived in New York, Chicago, St. Louis, or any of the other large eastern cities, go out and study JEFFERSON, and see what a striking analogy there is between it and such streets as 39th and 47th in Chicago and 59th or 125th in New York, which I might add, are cross-town thoroughfares, removed several miles from the downtown center, and yet among the GREATEST business street of this country. What they have become, JEFFERSON will become, and the time is not so far away when JEFFERSON, between Main and Figueroa, will be worth \$250 a foot. This may seem strange, but IT IS TRUE.

Here are the FOUR. There is a certain profit on each one of from FIFTY TO ONE HUNDRED per cent, in the next eight months.

Corner Grand and JEFFERSON—100x185 on JEFFERSON, income \$100 a month, and only ONE-FIFTH improved. Five stores could be put on this corner and rented IMMEDIATELY. \$10,000 cash in this will DOUBLE within a year.

51x160, near Grand, \$3,250. This is the ONLY vacant lot on the south side of JEFFERSON, between Main and Figueroa, and is a grand little buy. Get it and they'll have to come to you. Price goes to \$3,500 if not sold Feb. 15.

Corner on JEFFERSON, near Grand, with 5-room house, \$3,750. It's worth \$4,000 now, and in a few months it will be \$5000.

50x140, with fine 9-room house, few feet west of Main on south, side street. Price \$7,000. The lot ALONE is worth \$4,500, and the house \$3,000.

The above prices are for NOW. They'll be DIFFERENT a month hence, because they are the LAST three pieces left on the original options I secured on JEFFERSON early in January. Everything else is 20 per cent higher. Just inquire and see if I am right.

RALPH SULLIVAN,

Phone Home 5985. 142 S. Broadway. Room 105.

FORM NO. 133—AN AD. CONFIRMING PRIOR STATEMENTS.
FOR SALE—

Business Property.

CONCERNING JEFFERSON ST.

JEFFERSON is no longer a "coming" business street. It has ARRIVED. There are at present MORE business improvements contemplated and arranged for on JEFFERSON, between Main and Wesley avenue, than on ANY OTHER STREET IN LOS ANGELES, outside the downtown center.

On the 24th of last January, in this column of this paper, in my talk concerning "Jefferson Street," at the same time that I offered a lot on JEFFERSON, between Main and Grand, for \$55 a foot, and another for \$60, I made this prediction:

"I say now that eight months hence property on JEFFERSON, between Main and Grand will cost you not less than \$100 a foot, and between Grand and Figueroa \$75 a foot. If you don't believe this is conservative now, you will LATER."

I sold those two lots, and you can't buy either now—TWO MONTHS later—for less than \$100 a foot, and they're as cheap as anything between Main and Grand. You can't buy anything NOW between Grand and Figueroa on JEFFERSON for less than \$75 a foot. Don't you think I'm a PRETTY FAIR guesser when it comes to JEFFERSON street property? Don't you wish you'd bought a few dollars' worth of those twelve pieces I've sold on JEFFERSON street since February first?

But never mind that. (Some people NEVER CAN see a bargain till some one else buys it.) There are plenty of opportunities yet. The good times—the money making times—on JEFFERSON have just BEGUN. Values are increasing more rapidly in the southwest than in any other section of this town; JEFFERSON is to be paved from Main to Vermont very soon, and possibly from South Park to Western avenue; business is springing up all along this grand street; what JEFFERSON is TODAY is but the faintest echo of what it WILL BE three or four years hence, and present prices are in proportion.

I honestly believe that, at prevailing figures, there is no property in the city which offers as large a profit as JEFFERSON, between Main and Wesley. I am buying there myself. I am getting my closest friends to buy there. I am spending money to advise YOU to buy there, primarily because there's a commission in it, and secondarily—and this is more important—because I know I can give you such a satisfactory investment that you'll come after more—at least, this is the experience I've had with every client I've sold to on JEFFERSON this year. Ask them.

I have two exceedingly good things right now on JEFFERSON. One will take \$2500 cash, the other \$7500. If you are ready to buy right now, and not just "shopping around," I'll be glad to give you full particulars.

RALPH SULLIVAN,

Tel. Home 5985.

223 W. Second St.

FORM NO. 134.

This ad. brings out prominently sizes of lots and prices.

FOR SALE—

SPECIAL BARGAINS IN LOTS.

\$1500—Wilton, near 16th.....50x155
 \$1250—Oxford, near 16th.....50x155
 \$900—Sixth ave., near Adams.52x150
 \$700—Fourth ave., near 20th..50x140
 \$1500—Orchard ave., near 27th.50x125
 \$750—Jefferson, near Hobart..50x150
 \$900—Brighton, nr. Jefferson..50x150
 \$1250—Halldale, near 29th....50x150

A. W. ROSS,

L.A.R.B. 420 Bradbury Building.

FORM NO. 135.

Hotels and Lodging Houses.

28 ROOMS, CLOSE IN.....\$900
 17 rooms, close in.....\$800
 17 rooms, central.....\$450
 20 rooms, central.....\$900
 11 rooms, central.....\$350
 7 rooms, fine furniture, mo-
 quette and body brussels car-
 pets and Briggs piano.....\$325
 10 rooms, with nice stock of gro-
 ceries, good location, rent
 \$20\$1300

C. H. GEORGE & CO.,

545 South Spring.

FORM NO. 136.

This ad. shows the effect of surrounding blank space.

FOR SALE—

WESTMINSTER SQUARE.

MAGNIFICENT NEW WESTLAKE
TRACT.

AT 10 PER CENT. DISCOUNT
FOR A FEW DAYS.

No greater opportunity for profitable investment will be found in this paper today than here offered. This high class residence subdivision has absolutely every advantage of desirable location and environment that can make residence property valuable. Location, southwest corner of Fourth and Western ave.; high-class subdivisions on every hand; the Sixth st. car line is now being constructed directly through this property, and will be in operation in three months; values must advance rapidly then. Right NOW and right HERE is the critical time for you to get one of the most desirable home sites in this city, or secure a certain money making investment. Our autos at your service daily.

ALTHOUSE BROS.,

Members L. A. Realty Board.

234 Laughlin Bldg.,

Main 263.

Home Ex. 263.

FORM NO. 137—PETITION, VERIFIED, AND ORDER OF COURT,
AUTHORIZING INVESTMENT OF WARD'S
FUNDS BY GUARDIAN.

No. 3362. Dept. 2.
*In the Superior Court of the State of California, in and for the County
of Los Angeles.*

In the Matter of the Estate and Guardianship of James Jones, In-
competent.

Petition of Guardian for Leave to Invest Moneys of Ward.

The petition of Peter Bennett respectfully shows:

1. That he is the duly appointed, qualified and acting Guardian of
John Jones, an incompetent.

2. That he has in his hands Fifteen Hundred Dollars (\$1,500) the
same being proceeds of property which belonged to said John Jones, in
the State of Pennsylvania.

3. That the petitioner desires to invest said moneys in the City of Los
Angeles, California, in property that will produce an income and at the
same time enhance in value.

4. That he has agreed with Elmer Belding and Belinda Belding to
purchase of them, if the Court shall approve such purchase, Lot 110 of the
Baldwin Tract, as per map recorded in Book 40, at page 268, Miscellaneous
Records of Los Angeles County, California, said lot being situated on
Enterprise Avenue and having improvements consisting of a five-room
cottage, numbered 2134.

5. That the purchase price of said property is Two Thousand Dollars
(\$2,000), and that the rental value of the same is from \$13.50 to \$14.00 per
month; that there is a trust deed upon said premises for the sum of Eight
Hundred and Fifty Dollars (\$850.00) in favor of the Federal Building
and Loan Association of San Francisco, California, on which there is a
credit of Two Hundred Dollars (\$200.00), leaving a balance of said trust
deed of Six Hundred and Fifty Dollars (\$650.00).

6. That the petitioner has advanced Fifty Dollars (\$50.00), of his
own funds to bind the bargain, and the owner has agreed to pay and
transfer fee on the certificate of stock in said Federal Building and Loan
Association, so that the amount to be paid in cash out of the funds in the
hands of the petitioner, if said purchase shall be authorized, will be
Thirteen Hundred and Fifty Dollars (\$1,350.00).

7. That the payments on the trust deed above mentioned are Nine
Dollars 20-100 (\$9.20) per month, including taxes, and the rentals from
the property will be sufficient to make such monthly payments, and peti-
tioner believes that the income from said property will not only meet
the deferred payments thereon, but that the property, being located between
Sixth and Seventh Streets on Enterprise Avenue, will increase in value,
and that the investment of Thirteen Hundred and Fifty Dollars (\$1,350),
of his ward's money in said property would be judicious and would pro-
mote the welfare of the estate of his said ward.

8. That the said ward is not competent to determine or advise as to
whether said purchase should be made, and his children are all minors,
the oldest being thirteen years of age.

Wherefore, petitioner prays the Court to make an order authorizing
him to purchase said lot and improvements on the terms above stated,
without notice.

Dated at Los Angeles, California, April 13, 1906.

RUFUS SPAULDING,
Attorney for Petitioner.

PETER BENNETT, Petitioner.

(VERIFICATION.)

State of California, County of Los Angeles, ss.

Peter Bennett, being by me duly sworn, desposes and says: That he is petitioner in the above entitled action; that he has read the foregoing petition and knows the contents thereof; and the same is true of his knowledge, except as to matters which are therein stated upon his information and belief, and as to those matters that he believes it to be true.

PETER BENNETT.

Subscribed and sworn to before me this 13th day of April, 1906.
(SEAL)

MARY M. RICE,

Notary Public in and for the County of
Los Angeles, State of California

No. 3362. Dept. 2.

Granted April 20, 1906.

(ORDER OF COURT.)

BE IT REMEMBERED that on the 20th day of April, 1906, in Department Two of the Superior Court of the County of Los Angeles, State of California, Hon. C. A. Giles, Judge, Presiding; present, Mr. L. M. Williams, Deputy Clerk, the following proceedings were had, to wit:

In the matter of the Estate and Guardianship of John Jones, an Incompetent.

ORDER AUTHORIZING INVESTMENT.

The petition of Peter Bennett, the guardian of said John Jones, incompetent, for an order authorizing him as such Guardian to invest a portion of the funds in his hands belonging to said ward in the house and lot described in said petition, subject to the incumbrance as in said petition stated, coming on for hearing, and evidence having been heard, it is ordered by the Court that said petition as prayed be granted.

Entered Jan. 20, 1906.

N. A. MARSH, County Clerk,
By JAMES SCOTT, Deputy.

Certificate under date of April 21, 1906, of N. A. Marsh, County Clerk, that the same is a true copy.

FORM NO. 138—CORPORATE BOND.

United States of America, State of California—Union Transportation Company.

First Mortgage Five Per Cent. Sinking Fund, Twenty-Year Gold Bond.
Number..... \$1000.

For Value Received, the UNION TRANSPORTATION COMPANY, a corporation, organized and existing under the laws of the State of California, and having its principal place of business at Los Angeles, County of Los Angeles, State of California, promises to pay to the bearer hereof or to the registered holder of this bond, if the same be registered, One Thousand Dollars (\$1,000) in gold coin of the United States of America, of the present standard of weight and fineness, on the first day of February, in the year 1926 at the office of the Title Insurance and Trust Company in the City of Los Angeles, State of California, or at the Corn Exchange Bank in the City of New York, State of New York, and to pay interest thereon from the date hereof until paid, at the rate of five per centum per annum, at the places specified in the annexed coupons, in

like gold coin semi-annually on the first days of February and August in each year, upon the presentation and surrender of said interest coupons as they severally mature. This bond is one of a series of First Mortgage Five Per Cent. Sinking Fund Twenty-Year Gold Bonds of the Union Transportation Company, of the denomination of one thousand dollars (\$1,000) each, numbered from one (1) to three thousand (3,000), both inclusive, issued and to be issued to an amount not exceeding in the aggregate the principal sum of three million dollars (\$3,000,000), under the provisions of, and be equally secured by, a mortgage or deed of trust dated February 1st, A. D. 1906, and executed by the Union Transportation Company to the Title Insurance and Trust Company of Los Angeles, California, as Trustee, to which mortgage or deed of trust reference is hereby made for the description of the property, rights and franchises mortgaged, the nature and extent of the security and rights of the holders of bonds under the same and the terms and conditions upon which the bonds are issued and secured. This bond shall pass by delivery unless registered in the name of the owner on the books of said Union Transportation Company, such registry being noted on the bond by said last mentioned corporation. After such registry, no transfer shall be valid unless made on said books by the registered owner in person, or by his attorney duly authorized, and similarly noted on the bond. The same may be discharged from registry by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored, but this bond may again, from time to time, be registered and transferred to bearer as before. Such registry, however, shall not affect the negotiability of the coupons which shall continue to be transferable by delivery. This bond shall not be obligatory for any purpose until the certificate of the said trustee authenticating the same shall have been duly signed by said trustee.

IN WITNESS WHEREOF, the Union Transportation Company has caused these presents to be signed by its President, and its corporate seal to be hereunto affixed, to be attested by its Secretary, and coupons for said interest with the engraved fac simile signature of its Secretary to be attached hereto, as of the first day of February, A. D. 1906.

UNION TRANSPORTATION COMPANY.

By
President.

Attest
Secretary.

Coupon No. _____

\$25.

On the first day of, 19...., the Union Transportation Company will pay to bearer, at the American National Bank in the City of Los Angeles, State of California, or at the Corn Exchange Bank in the City of New York, State of New York, at the option of the holder hereof, Twenty-five Dollars (\$25) in United States gold coin, of the present standard of weight and fineness, being six months' interest then due on its First Mortgage Five Per Cent. Sinking Fund Twenty-Year Gold Bond, No.

W. A. CARNEY, Secretary.

The TITLE INSURANCE AND TRUST COMPANY, of Los Angeles, California, the trustee within named, hereby certifies that the within bond is one of the series of bonds therein mentioned; that said company has examined the records of the proceedings taken for the incorporation of said UNION TRANSPORTATION COMPANY and for the execution and issuance of said bonds and of the deed of trust herein referred to; that from such examination it appears:

That said UNION TRANSPORTATION COMPANY is duly incor-

porated under the laws of the State of California, and is empowered by law to issue said bonds and to execute said deed of trust; that all the requirements of law have been complied with in the authorization, execution and issuance of said bonds and of said deed of trust; and that said deed of trust and said bonds are subsisting and legal obligations.

Said TITLE INSURANCE AND TRUST COMPANY hereby certifies that said deed of trust has been delivered and recorded as required by law, and that said company has issued in its usual form and under its Order No. 95,665, a policy of title insurance upon the title to that certain property described in said policy, insuring the owners or legal holders of said bonds against loss by reason of any defect in or lien or incumbrance on the title to the property described in said policy, subject only to the written and printed exceptions contained in said policy.

TITLE INSURANCE AND TRUST COMPANY,

Trustee.

By, President.

FORM NO. 139—CASH SUBSCRIPTION BLANK.

(NO CERTIFICATE FOR LESS THAN 300 SHARES WILL BE SOLD.)

CASH CONTRACT.

SUBSCRIPTION BLANK.

FOR SPECIAL ORGANIZATION STOCK OF

THE GOLDFIELD RELIANCE MINING COMPANY.

The C. M. Sumner Investment Securities Company,
Kittredge Building, Denver Colo.

Gentlemen:—I hereby subscribe for.....Shares of
THE GOLDFIELD RELIANCE MINING COMPANY Stock, par value
\$1.00 per share, full paid and non-assessable, with no individual liability,
at the special price of 4 CENTS per share, for which I enclose.....
payment in full. Issue certificate to

Name

Postoffice Address

City

State

PRICE OF STOCK SUBJECT TO CHANGE WITHOUT NOTICE.

FORM NO. 140—INSTALLMENT SUBSCRIPTION BLANK.

(NO CERTIFICATE FOR LESS THAN 500 SHARES WILL BE SOLD.)

INSTALLMENT CONTRACT.

SUBSCRIPTION BLANK.

FOR SPECIAL ORGANIZATION STOCK OF

THE GOLDFIELD RELIANCE MINING COMPANY.

The C. M. Sumner Investment Securities Company,
Kittredge Building, Denver, Colo.

Gentlemen:—I hereby subscribe for.....Shares of
THE GOLDFIELD RELIANCE MINING COMPANY Stock, par value
\$1.00 per share, full paid and non-assessable, with no individual liability,
at the special price of 5 CENTS per share, for which I enclose.....
first month's payment, the balance to be paid in ten equal monthly pay-
ments. Please acknowledge receipt and send contract for delivery of
stock on completion of payments.

Name

Postoffice Address

City

State

PRICE OF STOCK SUBJECT TO CHANGE WITHOUT NOTICE.

FORM NO. 141—CHATTEL MORTGAGE.

THIS MORTGAGE, Made this 30th day of January, in the year of our Lord One Thousand Nine Hundred Six (1906) by C. H. Allen and Eliza A. Allen, his wife, of the County of Los Angeles, State of California, Mortgageors, to W. A. Wilson, of the County and State aforesaid, Mortgagee,

WITNESSETH, That the said Mortgageors mortgage to the Mortgagee all that certain personal property situated and described as follows, to-wit;

All the furniture and furnishings of sixteen rooms, comprising the rooming house at No. 1306 Maple Ave., in the City of Los Angeles, State of California, and consisting of the carpets, rugs, mattings, bedsteads, bed-springs, mattresses, dressers or bureaus, washstands, tables, bedclothing and kitchen utensils, as per inventory thereof, hereto annexed and marked "Exhibit A," as security for the payment to said W. A. Wilson, the said Mortgagee, of Two Hundred Dollars, gold coin of the United States of America, on or before the 30th day of July, in the year Nineteen Hundred Six, with interest thereon at the rate of 13 per cent per annum, according to the terms and conditions of a certain promissory note of even date herewith, and in the words and figures following, to-wit:

\$200

LOS ANGELES, CAL., Jan. 30, 1906.

On or before six months after date, for value received, we promise to pay W. A. Wilson or order, the sum of Two Hundred Dollars, with interest at the rate of thirteen per cent. per annum from date until paid, interest payable semi-annually, and if not so paid to be compounded semi-annually, and bear the same rate of interest as the principal; and should the interest be not so paid then the whole sum of principal and interest shall become immediately due and payable at the option of the holder of this note. Principal and interest payable in gold coin of the United States.

Payable at Los Angeles, California.

This note is secured by a chattel mortgage of even date herewith.

C. H. ALLEN,

E. A. ALLEN.

It is also agreed that if the Mortgageors shall fail to make any payment as in the said promissory note provided, then the Mortgagee may take possession of the said property, using all necessary force so to do, and may immediately proceed to sell the same in the manner provided by law, and from the proceeds pay the whole amount in said note so specified, together with all payments made by the Mortgagee for insurance on the said property, and all costs of sale, including counsel fees not exceeding twenty per cent. upon the amount due, paying the overplus to the said Mortgageors.

C. H. ALLEN (SEAL)

E. A. ALLEN (SEAL)

State of California, County of Los Angeles, ss.

Signed, sealed and delivered in the presence of

C. H. Allen and E. A. Allen, the Mortgageors in the foregoing mortgage named, and W. A. Wilson, the Mortgagee in said mortgage named, being duly sworn, each for himself and herself, doth depose and say that the aforesaid mortgage is made in good faith and without any design to hinder, delay or defraud creditors.

Subscribed and sworn to this 30th day of January, 1906.

W. A. WILSON,

C. H. ALLEN,

E. A. ALLEN,

JAMES J. WHITE, a Notary Public in and for said County of Los Angeles, State of California.

(Notarial Seal)

(Acknowledgment)

FORM NO. 142—CROP MORTGAGE.

THIS INDENTURE, Made the..... day of in the year of our Lord one thousand eight hundred and ninety-..... BETWEEN.... of the.... County of..... State ofby occupation a Mortgageor ..and part.. of the first part, andby occupation a, Mortgagee ..and part.. of the second part, WITNESSETH: That the said Mortgageor.., for and in consideration of the sum ofDOLLARS,, to.. in hand paid, the receipt whereof is hereby acknowledged, do..by these presents grant, bargain, sell and convey unto the said part.. of the second part, and to ..heirs and assigns forever, the following growing Crop ..viz.: the Crop.. of..... now being, standing and growing upon that certain piece or parcel of land, situate, lying and being in the said County of, State of, and particularly described as follows, viz.:

TO HAVE AND TO HOLD the above-mentioned and described Crop.. subject to the provisions hereinafter contained.

PROVIDED, NEVERTHELESS, and these presents are upon the express condition., that if the said part.. of the first part, heirs, executors, administrators or assigns, shall well and truly pay or cause to be paid, unto the said part.. of the second part, executors, administrators or assigns, the sum of..... Dollars,on the..... with interest thereon at the rate of....per cent per...from the date hereof, until paid, according to the true intent and meaning of....certain Promissory Note..dated..... as by said Promissory Note., reference thereunto being had, will more fully appear, then these presents shall be void. And the part.. of the first part do.. hereby covenant and agree to and with the said part.. of the second part,heirs and assigns, that..he..will well and carefully tend, take care of and protect the said Crop..while growing and until fit for harvest, and then faithfully and without delay, harvest, thresh, clean and sack the same, and deliver the same immediately into the possession of the said part.. of the second part, or.... assigns, to be by....held and disposed of for the payment of the debt hereby secured; that in default of either of the above acts to be done by the said part.. of the first part, the said part.. of the second part, or.... assigns, may enter upon the premises and take all necessary measures for the protection of said Crop., and may retain possession thereof, harvest, thresh and sack the same; and all expenses so incurred, and all that may become necessary in the keeping and care of said Crop., as well as the hauling, storing and delivery thereof, shall be secured by this Mortgage, and shall be first payable in United States Gold Coin, out of the money realized from the sale of said Crop.; that said part.. of the second part, or.... assigns.... shall and may at all times enter into the premises to view the same, or to take any measures necessary for the protection of said Crop., or.... interests therein, and that upon harvesting thereof,....shall be entitled to the immediate possession of the same, and may haul and store the same, at the expense of the said part.. of the first part, and....do..for the purposes aforesaid, make, constitute and appoint the said part.. of the second part, and.... assigns,.... true and lawful Attorney..irrevocable, with full power to enter upon said premises and take possession of said Crop., and take care of, protect, thresh, clean and sack the same, in case of any default on....part of the covenants herein contained; and....do..further authorizeor.... assigns to take possession of said Crop.. when harvested, to haul and store the same, to sell and dispose of the same, or any part thereof, at such time or times, and for such sum or sums of money as....may deem proper, and for the best advantage of all concerned, and out of the proceeds of such sale, first, to retain the costs and charges thereof, and any and all expenses by the part.. of the second part incurred in the care and protection, harvesting, hauling or storing the same, and commission

for selling the same; second, to apply the residue to the payment of said Note., rendering the overplus, if any there be, to the said part.. of the first part,...or... assigns.

IN WITNESS WHEREOF, the said part.. of the first part ha.... hereunto set...hand..and seal..the day and year first above written.

Signed, Sealed and Delivered in the presence of

.....(SEAL)
(SEAL)
(SEAL)

STATE of.....County of.....ss.
 the Mortgageor..in the foregoing Mortgage named, and..... the Mortgagee..in said Mortgage named, each being duly sworn, each for himself, doth depose and say: that the aforesaid Mortgage is made in good faith and without any design to hinder, delay, or defraud any creditor or creditors.

Subscribed and sworn to before me, this....day of....189., at theCounty of.....

FORM NO 137—HABENDUM AND RENT CLAUSE.

To HAVE AND TO HOLD the said above mentioned and described premises, with the appurtenances, unto the said party of the second part, his executors, administrators and assigns, from the....day of...., one thousand and nine hundred and...., for and during the full term of.... years thence next ensuing, and fully to be completed and ended. Yielding and paying therefor, unto the said party of the first part, his heirs or assigns, monthly and every month, during the said term hereby granted, the monthly rent or sum of....dollars, Gold Coin of the United States of America, on theday in each and every month during the said term: Provided always, nevertheless, that if the monthly rent above reserved, or any part thereof, shall be behind or unpaid on any day of payment whereon the same ought to be paid, as aforesaid; or if default shall be made in any of the covenants herein contained, on the part and behalf of the said party of the second part, his executors, administrators and assigns, to be paid, kept and performed, then and from thenceforth it shall and may be lawful for the said party of the first part, his heirs or assigns, into and upon the said premises, and every part thereof, wholly to re-enter, and the same to have again, repossess and enjoy, as in his or their former estate, any thing hereinbefore contained to the contrary thereof in any wise notwithstanding.

FORM 144—COVENANT AS TO INSURANCE, AND APPLICATION OF SAME, ON BUILDINGS ON LEASED GROUND.

The lessee does covenant and agree to and with the lessor, that it, the lessee, will keep insured, during the said demised term, any and all buildings, or improvements that may be built or placed upon said premises, in a good and responsible company or companies to the amount of not less than eighty (80%) per cent. of the cost of the buildings, provided insurance in good and solvent companies can be obtained to that percentage; if not, then to the highest percentage that can be obtained, not exceeding eighty (80%) per cent., and all policies issued, and renewals thereof, of all such insurance upon the said buildings or improvements to the amount of any per cent. of the cost of the buildings, are to be assigned

to, and in case of loss, be made payable to, the.....Trust Company of (hereby designated as trustee) for the purposes hereinafter named, to wit:—the same to be held by the said Trust Company as trustee as additional security for the amount of rent that might become due under the said lease and for the rebuilding herein provided for. And the lessee covenants and agrees, in the event of the total destruction of said premises by fire, that immediately upon the payment of the insurance moneys accruing to said Trust Company, it, the said lessee, will forthwith and immediately advance and pay to said Trust Company the difference between the amount of insurance so received upon said policies and the sum of..... thousand dollars, the said sum of..... thousand dollars to constitute a trust fund for the payment of the rent hereunder, as well as for the rebuilding of said building; and said Trust Company, in case said buildings or improvements shall at any time or times be destroyed by fire, during said demised term, shall pay to said lessee, upon proper architect's certificates, so much of the said trust fund in such sum or sums as may be necessary to pay for the rebuilding of said building; and the lessee agrees and covenants that said sum shall be so expended in the construction of a new building upon said premises, and that it will rebuild the same. It is furthermore covenanted and agreed that the policies of insurance upon said premises shall be subject to the examination of the lessor, and the lessor shall have the right to reject any of said policies and in the event of such rejection, the lessee agrees to substitute new policies in like amount in companies the said lessor may approve. In the event that, owing to insurance regulations then or thereafter in force, said insurance moneys cannot be made payable to said Trust Company, or in the event said Trust Company shall be unwilling, or should be unable, or should decline, to act, then said moneys shall be payable to such person or corporation and in such manner as may be permitted by said insurance regulations, but in such a way as that all moneys paid or recovered on account of said policies shall constitute a trust fund as hereinbefore expressly provided.

And it is further understood and agreed that no interest is to be paid on said insurance money by said Trust Company during the time said money remains in its possession; and it is further agreed that any and all moneys which the said Trust Company shall receive by reason of any loss or destruction of the said buildings or improvements, is hereby constituted a trust fund, to be used for the rebuilding of the buildings and improvements upon the said premises as hereinbefore provided for. And it is further agreed that said Trust Company shall properly disburse such moneys and use same toward rebuilding the buildings and improvements upon the said premises as herein provided for; but it is expressly understood and agreed that this provision shall not prejudice the provisions in this lease contained, that such insurance money shall stand as additional security for the rent herein provided for. And it is further understood and agreed that neither the lessor nor said Trust Company shall be responsible for the collection or noncollection of any insurance money or in any event but only for such insurance money as shall come to its hands; provided, however, that said Trust Company shall take such steps as said lessee may direct, either by suit or otherwise, for the collection of said insurance moneys, should the insurance company or companies for any reason decline to pay any loss; and the lessee shall advance all costs and expenses of such proceedings and shall fully indemnify said Trust Company from any loss, damage, costs and expense resulting therefrom. It is further understood that the said insurance moneys shall be applicable as to the payment of rent that may be due hereunder and shall at all times be subject to the payment of such rental.

And the said lessee covenants and agrees that if said buildings and

improvements, or any part thereof, shall at any time or times during the continuance of said term be destroyed or damaged by fire or other casualty, and as often as any building or improvements on said premises shall be destroyed or damaged by fire or other casualty, said lessee shall rebuild and replace the same upon the same general plan and dimensions as before the said fire or casualty, the construction so rebuilt and repaired to be of the value of not less than . . . thousand dollars, and shall have the same rebuilt and ready for occupancy within twelve months from each loss or destruction, at its own expense, provided, that in case such building shall be destroyed or damaged so near the end of said term that there shall not be ample time (which time shall not exceed eighteen months) to rebuild or repair the same before the end of said term, then the insurance on the said buildings shall belong to and be paid to the said lessee, except so much thereof as shall be equal to the sum due and to become due the said lessor under the terms of this lease, which amount, if any, shall be paid to the said lessor; and in such case this leasehold interest shall be determined; and it is covenanted and agreed that all and every sum or sums of money which shall be recovered or received by said lessee for and in respect of said insurance upon said building or buildings shall be laid out and expended by it in rebuilding or repairing said buildings or such parts thereof as shall be damaged as aforesaid, and in case the lessee shall not have advanced the funds necessary to bring said insurance moneys up to . . . thousand dollars, it shall be lawful for the lessor to declare this lease ended, and into said premises to re-enter as herein-before provided; and any part of any building or buildings remaining on said premises shall at once be forfeited to said lessor and no compensation therefore shall be allowed to said lessee, and any balance of insurance money remaining in the hands of the said Trust Company shall be forfeited to him as liquidated and ascertained damages, and not as a penalty or penal sum or in the nature thereof. And it is understood and agreed, in case of a fulfillment by said lessee of its covenants in this lease, that any surplus of any and all insurance moneys, after the use of the same for the purpose provided in this lease, shall belong to and be paid over to the said lessee, except in the event of the destruction of said building, within eighteen months of the expiration of this term, when, after the deduction of the rental to grow due, the balance of the insurance money shall be paid to the lessee.

**FORM NO. 145—COVENANT IN LEASE THAT LESSOR MAY
POST NOTICES THAT HE WILL NOT BE RESPONSIBLE
FOR CONSTRUCTION, ALTERATION AND REPAIR
OF IMPROVEMENTS.**

The lessor shall have the right, and hereby reserves the right, to enter upon said demised premises on or before or about the time or during the time of the construction of said new building, and to post, print, paint, or place thereon, in a conspicuous place or places, notices of such character and size as the lessor may determine, and to keep them so maintained, to the effect that, he, the lessor and owner will not be responsible for the construction, alteration and repair, or intended construction, alteration or repair, of any building or improvement upon the said property; or to take any other act that may be required by law or by Section 1192 of the Code of Civil Procedure to exempt said lessor from liability by reason of the construction thereof.

**FORM NO. 146—COVENANT IN LEASE AS TO APPRAISAL
OF, AND PAYMENT FOR, BUILDINGS ON
LEASED GROUND.**

It is further covenanted and agreed that unless the respective parties herein shall have agreed in writing ninety days before theday of A. D., 19.., (provided this lease is not sooner determined in any of the ways herein mentioned) upon the actual cash value of any and all buildings and any and all improvements that are situated and standing upon said premises (exclusive of and not including the value of the land or ground) then an appraisal shall be made of the then actual cash value of any and all such buildings and improvements at the time of the appraisal, said appraisal to be made by three disinterested free-holders in the City of....., owning land in fee in that part of said City, and not related to any of the parties in interest by consanguinity or affinity, and they shall be selected in the following manner, that is to say: The lessee shall select one appraiser and notify the lessor in writing of the person so chosen, and the lessor shall thereupon, or within ten (10) days thereafter, choose one appraiser and notify the lessee in writing of the person chosen, and the two persons so chosen shall, within ten (10) days thereafter, choose a third appraiser, and the three persons so chosen, or any two of them, shall proceed forthwith to appraise the actual cash value of any and all buildings and improvements aforesaid, exclusive of and not including the value of the land or ground at the time of the appraisement, and shall determine whether or not the buildings have at any time been used for a purpose likely to weaken or injure them beyond ordinary wear and tear and deterioration, and shall, within ten (10) days thereafter notify, in writing, the said lessor and lessee of the appraisal so made by them; and the decision of the said appraisers, or of any two of them, shall be final and binding. And in case of the refusal of either of the parties hereto to appoint an appraiser as herein provided, or, in case of the death, inability, neglect or refusal to act of either of the appraisers so appointed by the said parties hereto, or of the third appraiser appointed by the said appraisers chosen by the parties hereto, as hereinbefore provided, or, in case the appraisers appointed by the said parties hereto shall neglect or refuse to appoint or be unable to agree upon a third appraiser, as hereinbefore provided, or, in case the three appraisers are appointed, that any two of them shall be unable to agree upon an appraisement as hereinbefore provided, then, in any such event, either of the said parties hereto, or the party or parties who shall succeed to the interest of the said parties hereto under the terms of this lease, shall have the right to apply to any judge of any court of Record having chancery jurisdiction within the said county offor the appointment of one or two or three appraisers as the circumstances demand; and any judge to whom such application shall have been made, shall, upon satisfactory evidence being furnished that due notice of such application has been given to the other party in interest, have the power to appoint one or two or three appraisers, as the circumstances demand, of like qualifications as herein provided, and the appraisers so appointed shall have the same qualifications, powers and duties as though they had been selected as hereinbefore provided. Said appraisers shall take into consideration, in estimating the value of said building, such sums as may have been expended under any party wall agreements theretofore entered into by the said lessee and the adjacent property owners.

And it is hereby Understood, Covenanted and Agreed that no appraisal shall be invalid by reason of not being made within the time provided by this lease, and that the appraised value shall in no case exceed what it would then cost to erect and complete such buildings and improvements

less the then depreciation thereof occasioned by wear and tear, age and decay; but in no event shall said appraisal exceed nor shall said lessor be under any obligation or liability to pay hereunder a sum exceeding dollars.

And the said lessor covenants and agrees to purchase on the day of....., in the year of our Lord one thousand..... hundred and, (unless this lease is sooner determined in any of the ways herein provided,) the said building and improvements situated and standing upon the said premises, (exclusive of and not including the value of the land or ground) at their actual cash value, so agreed upon and determined as aforesaid; said purchase money to be payable one-half in cash and the balance in one (1) year from the first day of....., in the year of our Lord one thousandhundred, with interest thereon at the rate of six per cent. per annum, said deferred payment to be secured by a first mortgage on said premises and improvements, or by such other securities as may be satisfactory to the said lessee; or, if the said lessor so desires, he may pay the entire sum of said purchase price in cash.

And the said lessee covenants and agrees that at the time and upon the day of such purchase to-wit: Upon the..... day of....., at twelve o'clock noon, it will convey all of said buildings and improvements to the said lessor, by a good and sufficient deed of conveyance, and will immediately surrender, yield and deliver up, peaceably, said described premises in as good condition as when the same was entered upon by the said lessee, and any and all buildings and improvements thereon in a good and perfect condition, ordinary wear and tear, depreciation and decay, excepted. It being, however, fully understood and agreed by and between the parties hereto that it is a condition of this lease that all buildings and improvements and fixtures upon the said premises at the termination of said demised term, providing this lease is not sooner determined, shall, at and upon the date of the expiration of said demised term, revert to and become the exclusive property of and be vested in the said lessor, after any such deed of conveyance from the said lessee to the said lessor; but this condition is not to be understood or to be so construed as to waive the right of the lessee to the payment to it of the actual cash value of the said improvements upon the said premises, to be ascertained and determined as aforesaid. And it is further understood and agreed, in the event that the value of the buildings shall not have been agreed upon or ascertained prior to the expiration of the said demised term, then and in such case said lessee shall have the first and valid lien upon said premises for the amount of such value notwithstanding the surrender of the possession thereof to the said lessor as above provided, together with interest thereon at the rate of six per cent. (6%) per annum from the date of the determination of said demised term, until so paid or secured; and in default thereof said lessee may enforce its lien therefor.

FORM NO. 147—COVENANT FOR QUIET ENJOYMENT.

And the said party of the first part, for himself, his heirs, and assigns, doth, covenant and agree, by these presents, that the said party of the second part, his executors, administrators or assigns, upon paying the said monthly rent above reserved, and performing the covenants and agreements aforesaid, on his and their part, the said party of the second part, his executors, administrators and assigns, to be paid, kept and performed, shall and may at all times during the term hereby granted, peaceably and quietly have, hold and enjoy the said demised premises, without any let, suit, trouble or hinderance, of or from the said party of the first part, his heirs or assigns, or any other person or persons whosoever.

FORM NO. 148—COVENANT TO PAY RENT.

And the said party of the second part, for himself and his heirs, executors, administrators and assigns, doth covenant and agree, to and with the said party of the first part, his heirs and assigns, by these presents, that the said party of the second part, his executors, administrators or assigns, shall and will monthly and every month during the term granted, well and truly pay, or cause to be paid, unto the said party of the first part, his heirs or assigns, the said monthly rent above reserved, on the days, and in the manner limited and prescribed, as aforesaid, for the payment thereof, without any deduction, fraud or delay, according to the true intent and meaning of these presents: And that on the last day of the said term, or other sooner determination of the estate hereby granted, the said party of the second part, his executors, administrators or assigns, shall and will peaceably and quietly leave, surrender and yield up, unto the said party of the first part, his heirs or assigns, all singular the said demised premises.

FORM NO. 149—COVENANT NOT TO ASSIGN LEASE WITHOUT WRITTEN CONSENT OF LESSOR.

And said party of the second part further covenants and agrees, that he will not assign this lease or under let or sublet said premises, or any part thereof, to any person or persons whomsoever, without first obtaining the written consent of said party of the first part; and notice is hereby given that any assignment of this lease or underletting of said premises not in strict conformity to this provision shall be absolutely null and void: Provided, however, that the consent of said party of the first part shall not be unreasonably nor capriciously withheld.

FORM NO. 150—COVENANT AS TO HEIRS AND ASSIGNS.

It is mutually covenanted and agreed by and between the parties hereto, that each of the expressions, phrases, terms, conditions, provisions, stipulations admissions, promises, agreements, requirements and obligations of this lease shall extend to and bind and inure to the benefit of (as the case may require) not only the parties hereto, but each and every of their heirs, executors, administrators and assigns of the respective parties of the first and second part hereto; and wherever in this lease a reference to either of the parties hereto is made, such reference shall be deemed to include, wherever applicable, also a reference to the heirs, legal representatives and assigns of such party the same as if in every case expressed; and all the conditions and covenants contained in this lease shall be construed as covenants running with the land.

FORM NO. 151—COVENANT AS TO RIGHTS OF THE PARTIES IN EVENT OF DESTRUCTION OF PREMISES BY FIRE.

If, during the term of this lease, the building or premises are destroyed by fire, or other action of the elements, or partially destroyed so as to render the premises demised wholly unfit for occupancy, or if they shall be so badly injured that they cannot be repaired within sixty days after the happening of the injury, then this lease shall cease and become null and void from the date of such damage or destruction, and the lessee shall

immediately surrender said premises, and all interests therein, to said lessor, and said lessee shall pay rent within this term only to the time of such surrender; and in case of destruction or partial destruction as above mentioned, the said lessor may re-enter and re-possess said premises discharged of this lease, and may remove all parties therefrom; and if said premises shall be repairable within sixty days from happening of said injury, then said rent shall not run or accrue after such injury and while the process of repairs is going on, and the lessor shall repair the same with all reasonable speed, and the rent shall recommence immediately after said repairs shall be completed; but if said premises shall be so slightly injured by fire or the elements as not to be rendered unfit for occupancy, then the said lessor agrees that the same shall be repaired with reasonable promptitude; and in that case the rent accrued and accruing shall not cease or determine. In no case shall the lessee be entitled to compensation or damages on account of any inconvenience or annoyance, or destruction by fire or earthquakes or by other actions of the elements, or by reconstruction or repair of any portion of said building; nor for any damage to or loss of property in said premises from any cause.

FORM NO. 152—COVENANT AS TO REPAIRS.

The lessor shall not be required to make any repairs on said premises, and shall not be responsible for any damage to the demised premises or property contained therein, by reason of the leakage of water from the roof, or pipes, or stoppage of pipes, or stoppage or overflow of sewers, or leakage or overflow from any cause; but the lessor will cause the defects to be remedied with reasonable diligence by a mechanic after receiving notice thereof; but if said mechanic fails to make said repairs properly and the lessee sustain loss or damage thereby before the lessor is notified of such failure and has reasonable time to have the same corrected, then the lessee hereby waives all claims therefore against the lessor and agrees to look to said mechanic.

FORM NO. 153—COVENANTS BY LESSEE OF FLAT BUILDING.

And for the consideration aforesaid, the said party of the second part further covenants and agrees with said party of the first part, his executors, administrators, and assigns, to take good care of the apartments demised and their fixtures, and to commit and suffer no waste therein; that no changes or alterations of the premises shall be made, or partitions erected, nor walls papered, without the consent in writing of said lessor; that said second party will make all repairs required to the walls, ceilings, paint, plastering, plumbing work, pipes, and fixtures belonging to said apartments, whenever damage or injury to the same shall have resulted from misuse or neglect; that said premises shall not be used as a "boarding" or "lodging" house, nor for a school, or to give instruction in music or singing, and none of the rooms shall be offered for lease by placing notices on any door, window or wall of the building, nor by advertising the same directly or indirectly, in any newspaper, or otherwise; that there shall be no lounging, sitting upon, or unnecessary tarrying in or upon the front steps, the sidewalk, railing, stairways, halls, landing, or other public places of the said building by the said lessee, members of the family, or other persons connected with the occupancy of the demised premises; that no provisions, milk, ice, marketing, groceries, or like merchandise, shall be taken in to the demised premises through the front door of said build-

ing; that said lessee, and those occupying under said lessee, shall not interfere with the furnace, heating apparatus, or with the gas or other lights of said building which are not within the apartments hereby demised, nor with the control of any of the public portions of said building; that the said lessee and those occupying under said lessee will comply with, and conform to all reasonable rules or regulations that the lessor may make for the protection of the building or the general welfare and comfort of the occupants thereof; and will conform to and comply with the notices and requirements posted in the halls of said building. And that said party of the first part shall have the right to put up notices to rent on the hall doors, and to show said premises between the hours of 10 and 12 A. M. of each day, for thirty days prior to the expiration of this lease.

FORM NO. 154—A LOOSE CONTRACT FOR SALE OF LOTS.

Contract No.

RECEIVED OFthe sum of.... Dollarsas a deposit to secure the purchase of the following described lots of the.....TRACT, Lot numbered....of block numbered....according to the Preliminary Maps, made by.....from which plan of sub-division the Official Map will be made to conform as close as practical; subject to the following conditions:

The said deposit is accepted only as Rent of said property for the period of one month from date, and the benefits of this contract are conditioned on the further sum of...Dollars, being paid as monthly rent to be paid on the....day of each month hereafter for...months, with exact punctuality, as time is the essence of this agreement; then, and in consideration of having paid said rent for said period, upon payment of Two Dollars, a grant deed is to be furnished to the above named party, conveying a perfect title to the above described property, free and clear of all incumbrances on..... 190., *or we will refund all money paid together with 6 per cent. per annum interest added.*

Prior to the delivery of deed, said above named party has the right to examine Certificate of Title to make certain that a perfect title to said property will be conveyed, free and clear of all encumbrances at time when deed is delivered, *or we will refund all money paid, together with 6 per cent. per annum interest added.*

All deeds are to contain a clause prohibiting the establishment of saloons to sell spirituous liquors on said property, and also prohibiting the erection of shanties thereon, and that all buildings erected on said property must be neat, modern, and attractive, the plans of which must be first approved by the City Building Inspector of...., in order to assure the erection of only attractive homes thereon.

The.....Company reserves the right to lay water, sewer, gas, and electric conduits, telegraph and telephone lines and electric railroad lines over and along the streets of the.....Tract, without any expense to lot purchasers.

All deeds will accurately describe the property as the.....Tract, according to the official map thereof, which is to conform closely to the Preliminary Map as above stated.

This contract is based on a contract for the sale of....acres of the Rancho...., said contract being dated...., and now of record in the office of the County Recorder of....County, California.

By President.

All of the above terms and conditions are hereby accepted by me.

..... Purchaser.

**FORM 155—SUBSCRIPTION AGREEMENT TO FORM
SYNDICATE TO PLACE SUBDIVISION
ON THE MARKET.**

Subscription Agreement.

KNOW ALL MEN BY THESE PRESENTS, THAT WHEREAS,..... has obtained options for the purchase of (here describe the premises) which said options are hereby referred to and by reference made a part hereof; and,

WHEREAS, It is the intention of the said..... to form a syndicate for the purchase of said properties, and for the purpose of laying out and subdividing said properties into lots of suitable sizes, and to put said subdivision on the market for sale, and to sell said lots in said subdivision with the greatest possible expedition, and, in order to protect the various interests that may be represented in said syndicate and in order to accomplish the purposes herein set forth, it is the intention to have the title to the said properties taken in the name of the..... Trust Company, with a declaration of trust by said company in favor of the beneficiaries who subscribe the money for the purchase of said property; and,

WHEREAS, It is estimated that the cost of purchasing said properties, including the expense of grading and improving the land, subdividing the same, and opening, laying out and improving the avenues, streets and parks, will be, and shall not exceed thousand dollars; and,

WHEREAS, It is the intention of said.... to have subscribers hereto take shares or undivided interests in the beneficial title to said properties, and for that purpose the total amount hereinbefore estimated is divided into..... shares or parts of One Thousand Dollars (\$1,000.00) each, and the said Trust Company, as such trustee, will issue to each subscriber a declaration of trust showing in apt and appropriate language the amount of such beneficiary interest, and the shares or parts taken by each subscriber respectively, and such other matters as may be decided upon; it being distinctly understood and agreed that said shares are not assessable in any way whatsoever, and that the total liability of any subscriber hereto is limited to the exact amount of the subscription made by him; and that the said Trust Company shall not be liable in any event beyond the amounts of money collected by it properly applicable to disbursements hereunder, nor to issue any certificate of unqualified ownership, until said property shall have been fully paid for, and an unincumbered title thereto is invested in it; and,

WHEREAS, The said..... agrees to turn over to the subscribers hereto said options for the purchase of said lands, reserving to himself, however, the commission therein agreed to be paid by the aforesaid.....; and,

WHEREAS, It is understood and agreed that the owners of said properties, and the said agent..... may subscribe for shares in said syndicate, and that the amount of the first cash payment on such subscriptions respectively may be deducted from the cash amounts otherwise coming to them under the terms of said options and without the necessity of depositing the thirty-five per cent. (35%) of said subscriptions in cash as hereinafter provided; and,

WHEREAS, It is the intention to have said..... act as agent for the beneficiaries and the trustee, and in handling said subdivision and advertising the same for sale, and selling the lots therein, and the said..... agrees to act as an exclusive sales agent for the sale of said properties and to advertise said properties extensively in the press of Los Angeles and otherwise, and to use his best endeavors to sell the lots in said subdivision, and the said..... also agrees to

interest other agents in the sale of said lots, and to pay such agents for services actually rendered by them reasonable commissions upon the sales effected by them, and otherwise to devote reasonable time and attention to the business of said subdivision and to the interests of the beneficiaries herein, so as to produce, at the earliest practicable time, the greatest return to the beneficiaries or subscribers hereto; and in consideration of the promises and covenants on the part of said it is hereby agreed that he shall receive from the said Trust Company, as such trustee, a commission of ten per cent (10%) upon all sales made of any and all lots in said subdivision, and for contracts or deeds which shall be issued by said trustee, said ten per cent. to be payable out of the cash proceeds received upon the sale or disposition of any of such lots so sold respectively; said agency to continue until the termination of the trust hereinbefore referred to, and specifically set forth and described in the declaration of trust, reference to which is hereby made; and,

WHEREAS, It is the intention of the subscribers hereto to have an executive committee composed of three of the subscribers hereto to be appointed by a two-thirds vote of the subscribed shares, each share being entitled to one vote; or such committee shall be appointed by the written consent of the holders of two-thirds of the subscribed shares, the specific duties and powers of said committee to be determined by said Trust Company.

Now, THEREFORE, We, whose names are undersigned, in consideration of the mutual promises and covenants herein contained, and of the subscription herein stated, agree each with the other to subscribe, and do hereby subscribe for the shares and in the amount set opposite our names respectively, and agree to pay the amount of our respective subscriptions in the following manner, to-wit:

- 35% in cash on or before April 10, 1906.
- 10% thereof on or before three months from April 10, 1906.
- 10% thereof on or before six months from April 10, 1906.
- 15% thereof on or before one year from April 10, 1906.
- 15% thereof on or before two years from April 10, 1906.
- 15% thereof on or before three years from April 10, 1906.

Provided, however, that the subscribers shall be notified by the said trustee at least ten days before any such installments, except the first, shall become due and payable, said notice to be given by sending a letter to each subscriber at the address designated in this subscription agreement, or at such other address as may from time to time be left with said Trust Company; it being understood that if the sales of lots shall proceed with sufficient rapidity, it will be unnecessary to call for all the balance of the subscriptions hereinbefore stated, and in such event the proceeds of the sales of lots shall be applied (after the payment of other expenses as provided in the declaration of trust), toward the payment of installments and principal and interest which may be due or become due on the purchase price of said property, and towards the cost of such improvements or other expenses as may be directly connected with the handling of said property. All subscriptions hereunder shall be payable at the office of the Trust Company of Los Angeles, California, or at any other place which may be designated by said Company.

It is further understood and agreed that said Trust Company may, at its option, call for only such proportion of any installment herein agreed to be paid as may, in the opinion of said Trust Company, be necessary to meet the deferred payments of the purchase price, interests, costs and expenses which may then be due or grow due.

It is further understood and agreed that when all of the said prop-

Each subscription is made upon the distinct understanding and agreement that if the whole sum of thousand dollars is not subscribed on or before the day of, 1966, then the subscription of each of the parties hereto shall be and is hereby declared null and void and of no effect whatever, and whatever cash payments may have been made by any of the subscribers hereto prior to said date, shall, in the event of such subscription agreement becoming ineffective, be returned to the persons making such payments respectively.

FORM NO. 156—SALES REPORT OF TRACT AGENT.

TIMOTHY TILDEN, Tract Agent.

Sold to.....

P. O. Address.....

For \$..... Lot No.....

First Payment \$.....**made**.....**190**.....

[illegible]

FORM NO. 152—RULING ON ENVELOPE TO CONTAIN CONTRACT

(Tract)

Lot.....Blk.....

BOWEN & DOLTON

IN ACCOUNT WITH

(Name)

.....

.....

.....

.....

DATE Interest..... Per Cent. Payable Quarterly—Semi-Annually

	To Contract-Deed				
	By Cash Payment				
	To Balance due on Cont.-Mtg.				

FORM NO. 159—BUILDERS EXCHANGE; (SUGGESTIONS AS TO
CONSTITUTION AND BY-LAWS.) ..**Objects.**

First.—To join in one association all mechanics, manufacturers and dealers of good repute, doing business in the city and county aforesaid, whose vocation connects them, wholly or generally, with the industry of building, either as an employing contractor in any branch of the building business, or as a manufacturer of, or dealer in material used and employed in the erection of buildings, or other structures.

Second.—To establish and maintain among the individuals so associated, a just and equitable system of dealing, and a uniformity in commercial usages by rules and regulations; to acquire, preserve or disseminate valuable information regarding the business in which they are severally engaged.

Third.—To procure (either by lease or purchase), furnish and maintain suitable rooms for the use of its members for meeting rooms, offices, and other purposes.

Fourth.—To establish and enforce a system of arbitration for the settlement of disputes or misunderstandings which may arise between its members.

The term of existence of this Exchange is to be FIFTY YEARS, from and after the filing of the certificate of incorporation.

No shares of stock or individual right in the property of this Exchange shall exist or be acquired during its existence.

But the property belonging to, and in the name of "The Builders' Exchange," shall be held in trust by the Directors for this Exchange, and shall not be diverted from the purposes and intentions for which it was organized.

MEMBERSHIP.

Any person creditably and practically engaged as an employing contractor in any trade connected with the business of building, or in manufacturing, or dealing generally in building material, is eligible to membership in this Exchange, and may be admitted as provided in the By-Laws of the Exchange.

A copartnership or corporation may become a member of the Exchange as one person, in the manner provided for the election and admission of members.

Such copartnership may be represented by any member thereof; but a corporation shall be represented only by some officer duly authorized to act for them. Neither a copartnership nor a corporation is entitled to but one vote on any question.

The fee for admission to this Exchange is Twenty-five Dollars (\$25.00), until the membership reaches two hundred.

The fee will then be Fifty Dollars (\$50.00), until the membership reaches four hundred, after which time it will be One Hundred Dollars (\$100.00).

The dues to be paid by each member are Twenty-four Dollars (\$24.00) per annum, payable semi-annually, in advance, on or before the third Monday of February and August of each year, and must be paid before the annual or semi-annual meeting, to entitle the member to vote or take part therein.

POWERS OF DIRECTORS.

The Board of Directors have power to adopt By-Laws, Rules and Regulations for the management of the affairs of the Exchange, not in conflict with the laws of the State, and amend or repeal the same, subject to the approval of the Exchange, by a majority vote of the members present at the next regular meeting of the members thereafter, or at a special meeting duly called for that purpose.

Second.—To fill all vacancies which may occur in its own body, until the next election.

Third.—To have and exercise a supervisory care over the affairs of the Exchange and its members; to designate the bank in which the funds of the Exchange shall be deposited, and require the Treasurer to keep them deposited there, and to change the same when in their judgment the interest of the Exchange requires it.

Fourth.—They shall hear, examine into, and, if possible, settle all disputes between members when they can do so to the satisfaction of the parties concerned; otherwise direct the parties to submit the matter in controversy to arbitration in the usual manner, or as provided in the By-Laws.

Fifth.—To hear and determine all charges brought against any member for a violation of the Laws, Rules and Agreements, for any unbusiness-like conduct, or for any other cause, or to cause the same to be heard and determined by a committee to be appointed by the President from among the members of the Exchange, subject, however, to revision by the Exchange as a body at the next or a subsequent meeting. And the said board shall, when any charges are preferred by one member against another, proceed to hear and determine the same without delay, or appoint a committee for that purpose, which committee shall have the powers provided for in the By-Laws.

Sixth.—To receive, hold in trust and invest such funds of individual members as may, under the provisions of the By-Laws, be placed in their

hands for that purpose, and in the manner and form, and subject to all the conditions therein prescribed.

Seventh.—To obtain by lease or purchase, and to hold in trust for and in the name of "The Builders' Exchange," any real or personal property necessary for the use or benefit of the Exchange, and to mortgage, sell, lease or otherwise dispose of the same, whenever in their judgment it may be necessary to do so; and they are vested with full power to appropriate the funds and manage the affairs of "The Builders' Exchange" subject to the laws of this State, and the By-Laws and Rules of the Exchange.

SUNDRY PROVISIONS.

Neither the Board of Directors nor the members of the Exchange have power to pass any By-Law or Rule abridging the right of any members to conduct or transact his business in such manner as he shall deem just and proper, unless such law or rule shall have received the affirmative consent of at least three-fourths of all the members of the Exchange.

Due notice of the passage of any such By-Law or Rule is to be given to each member in writing (or be mailed to him at his address, as given to the Secretary), at least two weeks before the same shall be in force, and a minute to that effect made in the records.

Any member of the Exchange may propose an amendment to the By-Laws, and the same shall be acted on at the next regular meeting of the Board, after having been posted in the rooms of the Exchange for one week; or any member may propose an amendment at a meeting of members, and the same having been first posted in the rooms of the Exchange for one month previous to the meeting, shall be acted upon; and if it receives a two-thirds vote of the members present it will become a law.

The removal from the State of any officer or Director, or the voluntary absence from three successive meetings without leave from the Board, of any Director or officer required to be present at such meetings, shall be sufficient cause for their removal from office; and they may be so removed in accordance with the provisions of the law of this State, either by the Board of Directors or by the members.

FORM NO. 160—PETITION TO INCORPORATE TOWN.

PETITION.

Notice is hereby given that the following petition will be presented to the Board of Supervisors of Los Angeles County, California, at the regular meeting of said Board, to be held at 10 o'clock a. m. on Monday, April 30, 1906, in the office of the said Board, in the Court House, of the County of Los Angeles, California.

To the Honorable Board of Supervisors of Los Angeles County, State of California:

The undersigned petitioners respectfully represent:

First, That they, and each of them, are bona fide residents of and within the territory hereinafter described and proposed for municipal corporation, and that they, and each of them, are qualified electors of the said County of Los Angeles, State of California.

Second, That the following is a particular description of the boundaries of the territory proposed for municipal corporation:

Beginning at the intersection— (Description).

Third, That your petitioners believe that the interest of the inhabitants residing within the boundaries of the proposed municipal corporation, above described, and the interests of all owners of property

within said boundaries above mentioned, will be subserved and promoted by its incorporation as a city of the sixth class, to be named and entitled "The City of Watts."

Fourth, That said portion of Los Angeles County so described and bounded or any part thereof, is not incorporated as a municipal corporation, or any part of a municipal corporation, and there are now living and residing within the boundaries of said proposed municipal corporation more than two thousand inhabitants.

Fifth, That there is attached to this petition an affidavit of (3) three qualified electors verifying that the said petition has, and bears the required number of signatures of qualified electors.

Wherefore, your petitioners, being more than fifty qualified electors of Said County of Los Angeles and residents within the limits of the corporation hereby proposed and petitioned for, pray that that portion of Los Angeles County, State of California, lying within the boundaries hereinbefore described, may be incorporated as a municipal corporation of the sixth class under the name and style of "The City of Watts," under and by virtue of the provisions of an Act of the Legislature of the State of California, entitled, "An Act to provide for the organization, incorporation and government of municipal corporations," approved March 13, 1883, and acts amendatory and supplemental thereto. And further pray that to that end your Honorable Body take the steps necessary under the aforesaid act and acts amendatory thereof and supplemental thereto to cause an election to be held in said territory included in said proposed corporation in accordance with law.

Dated this 5th day of April, A. D., Nineteen Hundred and Six.

W. M. Kellogg, C. W. Curran, et al.

State of California, County of Los Angeles, ss.

S. J. Lord, C. W. Curran, A. H. Trimble, each being first duly sworn, each for himself and not one for the other, deposes and says:

I am a qualified elector of the County of Los Angeles, State of California, and reside within the limits of the territory described in Section II of the foregoing petition for incorporation, and was then and since have been such elector and resident as aforesaid; that I know of my own knowledge that the facts stated in said petition are true and each signer thereof is a qualified elector of said county and a resident within the limits of the territory described in Section II of said petition as the territory to be included within said proposed municipal corporation, and that each and everyone of said signers was such elector and resident when he signed his name to said petition and has continued to be such elector and resident, I know of my own knowledge that each signature to said petition is the true and genuine signature of the person whose name it purports to be and that the identical petition to which this is attached was and is actually signed by more than fifty persons, each of whom is both a qualified elector and a resident within said proposed municipal corporation, as the boundaries thereof are described and set forth in said petition.

S. J. LORD,
C. W. CURRAN,
A. H. TRIMBLE.

Subscribed and sworn to before me this 5th day of April, 1906.

(SEAL)

CAROLINE E. SMITH,

Notary Public in and for Los Angeles County, California.

**FORM NO. 161—PETITION FOR REMOVAL OF POST OFFICE TO
MORE CENTRAL LOCATION.**

SATICOY, CAL., May 10, 1906.

To the Hon. Fourth Assistant Postmaster General, Washington, D. C.:

We, the undersigned citizens and business men, living within the delivery of, and receiving our mail matter at, the Saticoy Post Office, do most respectfully petition that said post office be removed from its present location to a more convenient portion of the town.

We do most respectfully represent and direct your attention to the following reasons for the desired removal.

I.

That the said Post Office is now, and has been for a considerable time, located at the extreme eastern portion of the said town of Saticoy, California, thereby causing each and all of the said undersigned citizens and business men great and unnecessary inconvenience in going to and returning from said Post Office, as they have business to transact therewith;

II.

That a building or room as secure, commodious and desirable as the one now used by the government for the transaction of its postal business in Saticoy, can be obtained in a more convenient and central location in said town.

III.

That the building or room that may be so secured is located within a reasonable distance from the depot of the Southern Pacific Railroad Company, which Company, our petitioners are informed and verily believe, is under contract to carry and deliver the mails as the same arrive at, and depart from, said town.

IV.

That said proposed change and removal will meet with the approval and approbation of the vast majority of the patrons of said Post Office.

Wherefore, your petitioners pray that the desired change and removal in the location of said Post Office in the town of Saticoy may be ordered and effected.

FORM No. 162—PRINTED BACK OF VOUCHER.

Voucher No. Check No.

Month Amt. \$.....

Date of Payment.....

In favor of

FEDERAL REALTY COMPANY.

DEBITS

Cash.....			
Operating Expenses.....			
General Expenses.....			
.....			
.....			
.....			
.....			
.....			
Total.....			

CREDITS

Cash.....			
Bills Payable.....			
.....			
.....			
.....			
Voucher Account.....			
Total Credits.....			

FORM NO. 163—INSIDE OF VOUCHER.

FEDERAL REALTY CO.

Los Angeles, Cal.,.....190....

To.....Dr.

Examined by	{	_____	{	Approved	_____	President.
		_____			_____	

Secretary:

Received.....190..., \$.....in full of above account.

Please sign this voucher in ink and return at once.

FORM NO. 164—CASH-BOOK JOURNAL
(Left hand page.)

Date	Ledger Titles Sundry Dr.	Sundry	L. F.	Cash	General Expenses	Operating Expenses	Voucher Account

(Right hand page.)

In favor of	Ledger Titles Sundry Cr.	Vo. No.	Ck. No.	Sundry	L. F.	Cash	Bills Payable	Voucher Account

REAL ESTATE SELF-TAUGHT
FORM NO. 165—BALANCE SHEET.

Balance Sheet
of
JOHN NEWMAN
For Year Ending December 31, 1906.

Ledger Titles	Trial Balance		Financial Accts.		Speculative Accts.	
	Dr.	Cr.	Resor.	Liab.	Loss	Gain
Real Estate	\$30000.		\$30000.			
Furniture	360.		360.			
Gen. Expense . . .	225.				\$225.	
Opr. Expense . . .	560.				560.	
Taxes & Ins. . . .	150.				150.	
Interest	480.				480.	
Bills Recvb.	900.		900.			
Accts. Recvb. . . .	38.75		38.75			
Cash	871.25		871.25			
J. N's Capital						
Acc't.		\$21778.				
Bills Paybl.		8000.		\$8000.		
Voucher Acct. . . .		35.		35.		
Commissions		1222.				\$1222
Rentals		2550.				2550
	\$33585.	\$33585.	\$32170.	\$8035.	\$1415.	\$3772.

Total gains \$3772

Total losses 1415.

Net gain for year \$2357.

Total resources \$32170.

Total liabilities 8035.

Present worth 24135.

John Newman's Net Investment 21778.

Net gain \$2357.

Dividing \$2357 by 1% of \$21778 (or \$217.78) gives .1082 as rate
per cent of earnings for year.

FORM NO. 166—COMPARATIVE STATEMENT FOR COST, RENT, EXPENSE AND SALE ITEMS.

Statement of Income and Expenses for Five Years. Profit and Loss Statement

Income	Yr.	Yr.	Yr.	Yr.	Yr.
Rent . . .	\$	\$	\$	\$	\$
Miscellaneous	\$	\$	\$	\$	\$
Total . . .	\$	\$	\$	\$	\$
Expenses					
Taxes . . .	\$	\$	\$	\$	\$
Interest . .					
Insurance . .					
Water . . .					
Repairs . . .					
Miscellaneous					
Total . . .					
Net gain . .					
Rate % . . .					

Sold for	\$
Rents Received . . .	\$
Total	\$
Less for	
Cost	\$
Expenses	\$
Commission	\$
Total	\$
NET GAIN	\$
Rate %	
Papers are numbered	
and filed	

FORM NO. 167—ANOTHER FORM OF DECLARATION OF TRUST
FOR PLACING SUBDIVISION ON MARKET.

DECLARATION OF TRUST.

KNOW ALL MEN BY THESE PRESENTS:—That the FEDERAL TITLE COMPANY, a corporation organized and existing under and by virtue of the laws of the State of California, and having its principal place of business at the City of Los Angeles, County of Los Angeles, State of California, hereinafter called the "Trustee," hereby certifies and declares that it has received and accepted the assignment and transfer to it, of that certain agreement for the purchase of real estate made and entered into on the 12th day of June, A. D. 1906, between L. M. Sellers, of the city of Los Angeles, County of Los Angeles, State of California, and Alonzo Byers, of the same place, which agreement is in words and figures as follows, to-wit:—

THIS AGREEMENT, made and entered into this 12th day of June, in the year of our Lord one thousand nine hundred and six, BETWEEN L. M. Sellers of Los Angeles City and County, State of California, and party of the first part and Alonzo Byers of Los Angeles City and County, State of California, the party of the second part.

WITNESSETH:—That the said party of the first part, in consideration of the covenants and agreements on the part of the said party of the second part hereinafter contained, agrees to sell and convey unto the said party of the second part, and the said second party agrees to buy, all that certain lot or parcel of land, situate in the County of Los Angeles and State of California, and bounded and particularly described as follows, to-wit:

(DESCRIPTION.)

for the sum of Twenty Thousand (\$20,000) Dollars, Gold Coin of the United States; and that the said party of the second part, in consideration of the premises, agrees to pay the said party of the first part the said sum of Twenty Thousand (\$20,000) Dollars, as follows, to-wit:

Two Hundred Fifty (\$250.00) Dollars, cash in hand paid, the receipt whereof is hereby acknowledged; two thousand two hundred fifty (\$2,250.00) Dollars upon the delivery to the second party of an unlimited certificate of title, issued by the Title Insurance and Trust Co., of the City of Los Angeles, showing the above described property to be free from all incumbrances to date, and the title thereto to be vested in the said party of the first part; three thousand (\$3,000) Dollars on or before six months from date of this agreement; three thousand (\$3,000) Dollars on or before one year from the date of this agreement; five thousand seven hundred fifty (\$5,750) Dollars on or before two years from date of this agreement; and five thousand seven hundred fifty (\$5,750) Dollars on or before three years from date of this agreement, together with interest on all deferred payments at the rate of six (6) per cent. per annum, interest payable quarterly.

And the said party of the second part agrees to pay all State and County taxes or assessments of whatsoever nature, which are or may become due on the premises above described.

It is further agreed that time is the essence of this contract, and in the event of a failure to comply with the terms hereof, by the said party of the second part, the said party of the first part shall be released from all obligations in law or equity to convey said property, and said party of the second part shall forfeit all right thereto, and to moneys theretofore paid under this contract and his interest in or to said moneys, and to said property shall thereupon immediately cease, as fully as if said

money had never been paid, or this agreement entered into. And the said party of the first part on receiving such payment at the time and in the manner above mentioned, agrees to execute and deliver to the said party of the second part, or to his heirs, or assigns, a good and sufficient deed of grant, bargain and sale, conveying to said party of the second part, or his assigns, the title to said premises.

Upon the payment of eight thousand five hundred (\$8,500) Dollars hereunder, together with interest on all deferred payments herein, first party, or his assigns, will execute and deliver to the said party of the second part, or his assigns, a good and sufficient deed of grant, conveying to said second party or his assigns, the above described property, subject however, to mortgage, executed by said second party or his assigns, in favor of said first party, which said mortgage shall be a first lien on the above described premises, and shall secure the payment of two promissory notes, each in the sum of five thousand seven hundred fifty (\$5,750) Dollars, one to mature on or before two years from date hereof and the other on or before four years from date hereof, each of said notes, to bear interest at the rate of six (6) per cent. per annum, which said interest shall be payable quarterly. The said mortgage so to be executed, together with the said notes shall be of the form employed by the said Title Insurance and Trust Co. Said notes shall provide in each case a thirty days' notice in writing prior to payment thereof must be given by second party to first party before such payment can be made. At the expense of second party at the time of the execution of said mortgage said certificate of title shall be continued by said company, showing title in said herein described property, vested in second party, subject to said mortgage.

First party agrees to release any parcel or lot or subdivision of the above premises, having a depth not exceeding one hundred and fifty feet upon payment of a sum of money reckoned at the rate of sixteen dollars per front foot for property on Belmont Avenue, twelve dollars per front foot on Carter Avenue; and eight dollars per front foot for all other frontage on streets which said property may have. All moneys paid for releases during the first year hereof shall be applied on the last two deferred payments herein. First party agrees to join the second party in dedication of streets in said property within a reasonable limit.

And it is understood that the stipulations aforesaid are to apply to and bind the heirs, executors, administrators and assigns of the respective parties.

IN WITNESS WHEREOF, the said parties of these presents have hereunto set their hands and seals the day and year first above written.

L. M. SELLERS. (SEAL).
ALONZO BYERS. (SEAL)

Duly acknowledged.

That the portion of the purchase price of the property described in said agreement heretofore paid, was paid by Alonzo Byers, John Ensign and Charles Davis, hereinafter called the "Beneficiaries", and no part thereof has been paid or is to be paid by said Trustee.

That the said transfer and assignment, while absolute in form, is nevertheless in trust and said Trustee holds and shall hold said agreement in trust for the purpose of selling the property therein described and applying and disposing of the proceeds arising from the sale thereof as hereinafter specified and provided.

For the purpose of effecting the sale of said real estate and carrying out the trusts herein set forth, the said Trustee shall have the power and authority:—

FIRST, To sell and transfer the land and premises described in said

agreement either as a whole or in parcels of one lot or more, as per map of the Subdivision of said property recorded in Book 2, Page 100 of Maps, in the office of the County Recorder of Los Angeles County, to such person or persons and at such price and upon such terms as said Trustee shall deem best; Provided, that no part, parcel or lot of said property shall be sold at a less price than that fixed by a schedule of prices to be hereafter agreed upon by and between the said beneficiaries and the said Trustee, which schedule of prices, when prepared, shall be affixed hereto and be and become a part hereof, the same as though it were attached hereto at the time of the signing hereof; and provided further, that the said Trustee shall not sell said property or any portion or parcel thereof to any person or persons other than of the White or Caucasian Race.

SECOND: To impose conditions, restrictions and covenants upon said property, prohibiting the sale thereof to objectionable persons and for objectionable purposes, and restricting the cost, class and location of buildings thereon.

THIRD: To employ said Alonzo Byers, or any other person, firm or corporation as it may deem best as its agents in the selling of said property and in the transaction of the business necessary in the administration of this trust, and the said Trustee shall not be liable for any default, defalcation or wrong-doing by any person, firm, or corporation which it may employ as agents to make sales.

FOURTH: To delegate to agents employed to effect the sale of said property, the supervision and direction of all improvements of whatsoever kind or nature made or placed thereon; the power to appoint sub-agents to assist in making sales of said property, also the matter of directing the advertising of said property and placing the same on the market, and also the right and authority generally to represent the said Trustee in marketing and selling said property; provided, that the compensation to be paid to such agent or agents for handling said property and performing all services in connection therewith, including those specified above, shall not exceed 10 per cent. of the selling price of said property.

FIFTH: To grade or cause to be graded, the streets laid out on said Tract, and also to put in sidewalks and curbs, lay water mains and pipes throughout said tract and make and place thereon such other improvements as it shall deem best to facilitate the sale of said property.

The said Trustee shall apply and dispose of the proceeds arising from the sale of said property as follows:

FIRST: To the charge of the Trustee for the preparation and issuance of this Declaration of Trust and for the performance and execution of the trusts herein set forth hereby fixed at \$275.00, which fees and charges shall be deemed to be earned upon the signing of this Declaration of Trust.

SECOND: To the payment of the fees for recording said agreement assigned to said Trustee as aforesaid, and for the recording of the deed hereafter to be made and received pursuant to said agreement and also to the payment of the expenses and fees for obtaining and filing for record any deeds for lots or parcels of said land that may be required and obtained from time to time under the terms of said agreement, prior to the execution and delivery of the deed conveying the whole of said tract to said Trustee, and also for obtaining and recording any other instruments that may be required in connection with this trust.

THIRD: To the payment of the unpaid portion of the purchase price of said real estate as specified in agreement hereinbefore set forth to said L. M. Sellers, together with interest on deferred payments as such

principal and interest shall become due and payable under the terms and provisions of said agreement.

FOURTH: To the payment of taxes levied, assessed or imposed on or against said property and any assessments levied by municipal or other authorities for the improvement of said property, not payable by purchasers thereof.

FIFTH: To the payment of all bills for grading streets laid out in said Tract and for the construction of sidewalks and curbs thereon and for laying water mains or pipes and making any other improvements upon said property.

SIXTH: To the payment of commissions to agents effecting the sales of said property not to exceed 10 per cent. of the selling price as fixed by the schedule referred to above, payable out of the first payment made on any contract of purchase.

SEVENTH: The remainder of the proceeds received from sales shall be distributed and paid as follows:

To Alonzo Byers,	1-3 thereof,
To John Ensign	1-3 thereof,
To Charles Davis	1-3 thereof,

Provided, however, that no distribution of any portion of the proceeds arising from the sales of said property shall be made to the beneficiaries hereunder until the said Trustee shall have on hand a sufficient sum of money accruing from said sales to meet the payments that shall become due on the purchase price of said property under the provisions of the agreement hereinbefore set forth. Any surplus in the hands of said Trustee over and above such sum or sums shall be disbursed as dividends from time to time as the majority of the interests hereunder shall direct.

In case the moneys received from the sales of said property shall be insufficient at any time to meet the payments that shall fall due under the provisions of the agreement set out above, then the said Trustee shall demand of the said beneficiaries respectively their proportionate shares of the sum or sums necessary to pay such deficiency, the share to be paid in such case being measured by their respective interests in said property as hereinabove set forth. Should any of the said beneficiaries, however, fail or default in the payment of his portion or share as aforesaid, of the moneys required to be advanced to make the payments in compliance with the terms of said agreement, then the said Trustee shall notify the other beneficiaries of such default and they shall thereupon have the right to purchase and take over the interest hereunder of such defaulting party, either jointly or with the consent of the other beneficiaries, and such interest may be taken by any one or more of the said parties of interest; in any event, if it is necessary to protect his rights and interests hereunder and in said land, any one of said beneficiaries may advance the share of the party in default and the interest herein of the delinquent party shall thereafter be held by said Trustee as security for the sum or sums thus paid and advanced. The defaulting party in such case shall be entitled to have refunded to him the actual cash theretofore paid hereunder, without interest, and upon such sum being paid, he shall forfeit all right, title and interest in and to the said land, and the proceeds of the sale thereof and his interest hereunder, including the attendant obligations and benefits, shall pass and belong to the purchaser thereof.

In the event, however, that the other beneficiaries hereunder decline to purchase the share and interest of a defaulting party on the terms and conditions recited above, then the said Trustee shall sell such share and interest at public auction to the highest bidder and the purchaser at such sale shall be substituted in the place and stead of the party in default

in his relation to this trust; and shall thereupon assume all obligations and enjoy all benefits as beneficiary hereunder, incident to the share and interest thus acquired. The other beneficiaries herein may be purchasers at such public sale under the same conditions as a stranger to this trust.

The sums received for the interest of the delinquent party at the public sale, shall be applied first to the payment of all obligations and claims attached hereunder to the share of interest sold, and any surplus remaining shall be paid to the party suffering default, and upon receiving such sum, all of his right, title and interest hereunder shall be forfeited and this trust as to him, shall cease and determine.

The schedule of prices referred to above may be changed at any time, and a new schedule substituting therefor, provided that such new schedule shall not be operative until signed by a majority of the parties hereto.

The trustee shall be under no obligations to make the payments that shall become due under the aforesaid agreement for the purchase of said real estate, or to pay the taxes or make any other payments required to be made hereunder, unless there be sufficient funds in its hands to make said payments.

This trust shall not cease or determine until the fees and expenses of the said Trustee shall have been fully paid and it shall have been reimbursed for all expenses incurred and moneys expended in connection with this trust.

Every stipulation and agreement herein shall inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties.

IN WITNESS WHEREOF, the FEDERAL TITLE COMPANY has hereunto caused its corporate name to be subscribed by its President and its Secretary, and its corporate seal to be affixed, this 15th day of June, 1906.

(SEAL)

FEDERAL TITLE COMPANY,

By ARNOLD NIXON, President.

By ALBERT BALLE, Secretary.

We, the undersigned, being the beneficiaries under the above and foregoing Declaration of Trust, do hereby certify and declare that said Declaration of Trust correctly and accurately sets forth and discloses the trusts under and by which the said Trustee holds and shall hold said agreement for the purchase of real estate, and we do hereby ratify, approve and confirm the same in all its parts, and do hereby make, constitute and appoint the said FEDERAL TITLE COMPANY, our true and lawful attorney, irrevocable, in our name, or other wise, to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully, to all intents and purposes, as we might or could do if personally present; hereby ratifying and confirming all that our said attorney shall lawfully do, or cause to be done, by virtue of these presents.

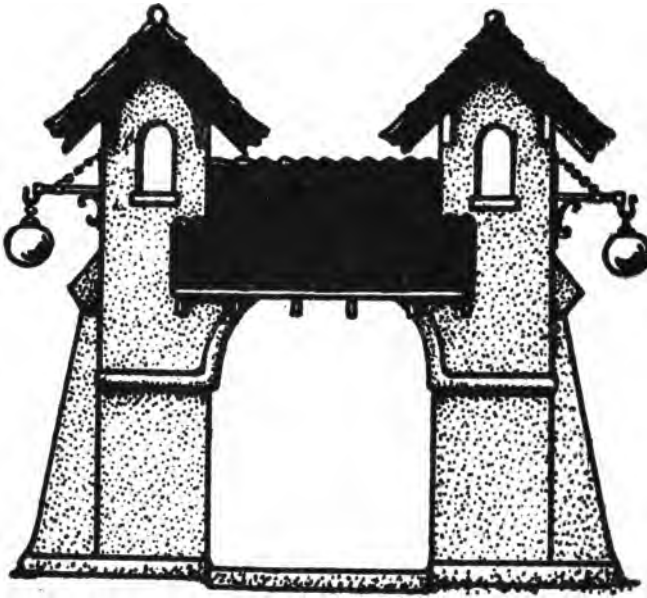
IN WITNESS WHEREOF, we have hereunto set our hands and seals this 15th day of June, 1906.

ALONZO BYERS. (SEAL).

JOHN ENSIGN. (SEAL).

CHARLES DAVIS. (SEAL).

FORM NO. 168—MISSION STYLE ENTRANCE ARCHWAY, FLOR-
ENCITA PARK, LOS ANGELES. RED TILE ROOF,
PLASTER SIDES.





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